Political Economy: a Communist Critique of the Wage System

A Progressive Labor Party Pamphlet

Introduction

As 1998 drew to a close, the U.S. economy looked like a crazy-quilt. The stock market had hit new highs earlier in the year. Then it dropped twenty percent over the summer. Then it started zooming again in late fall. The bosses' pundits were boasting about the lowest unemployment in three decades. Yet the loss of manufacturing jobs in 1998 alone surpassed 500,000. With every new announcement of a giant merger, thousands of workers were threatened with layoffs.

Still, the New York Times and Wall Street Journal ran headlines about "good times" ahead, pointing to rising life expectancies, the growing middle-class membership of black and latin women, and the decline of street crime.

What's the essential truth for the working class about the U.S. economy? Is the news fundamentally good, with a few minor clouds on the horizon? Or is the profit system in one of its periodic crises? From the media and most of the politicians, you would think that you had no reason to worry about the future-- and the present-- as you probably do. You would have to conclude that something must be wrong with you.

But before you head for the nearest bar or psychiatrist, the good news is that you're not nuts—you're right and they're wrong. But that's also the bad news.

In fact, our paychecks are lower than they were 25 years ago, and we're working longer hours to earn them—if we're lucky enough to have a job at all. Drugs and prisons are claiming the lives of hundreds of thousands of black and Latin men and women in U.S. cities. U.S. welfare recipients and prisoners are being used increasingly as ultra-low-wage labor, thereby dragging down the wage scale for all workers. Every day, cops are killing black and Latin youth in the streets.

Meanwhile, life expectancies are falling for large sections of the working class around the world. Free-market capitalism is ushering in the return of crime, poverty, prostitution, drugs, and premature death. Faces of starving adults and children in Africa grace the newspapers' front pages. Inside, we read about children in Asia who are chained to tables to make Nikes for 18 hours a day, then locked up at night. In the streets of Brazilian cities, there are millions of homeless orphaned or abandoned children; tens of thousands are stalked and murdered by the police. Impoverished workers crossing national borders to find jobs are targeted for mob attacks and jailing, deportation, and murder by immigration officials.

With every shift of militancy in Iraq and fundamentalist Muslim areas, the U.S. threatens another military attack. India and Pakistan join the country club of nuclear terrorism. The economic crisis in Asia is plunging its working class back into dire poverty, even as it threatens to capsize the expanding economies of the U.S. and Europe.

No doubt you read about James Byrd's being dragged to death by white supremacists behind a pickup truck in Texas. You feel terrible about it, but you think there is nothing you can do—not for the next James Byrd, or the starvation in Africa, or the slavery in Asia, or the victims of Latin American death squads.

We are all tossed on this same stormy ocean. At the helm, the economists, teachers, clergy, and politicians—the anointed "experts"—jostle for position and contradict one another right and left to explain what's going on.

To understand the world, we have to understand capitalism, and that requires the science of Political

Economy. What is Political Economy?

First, what it is not. Political Economy is not the same as the Economics taught in U.S schools. Economics is a pseudo-science based only on capitalism.

Political Economy, by contrast, originated with Karl Marx's encyclopedic work *Capital* in the mid-1800s. Instead of taking capitalism as a given, it examines the history and conditions which led to the birth of capitalism, indeed to the birth of class society in general. It explores the inner workings of capitalism's development. Finally, it examines the relationships between the social classes and brings to light the agents and means of capitalism's death, and the death of class society in general.

It finds them in the working class, and in communist revolution.

Political Economy looks at the real world, a changing world, and poses questions designed to liberate the working class from capitalist wage slavery. It is the scientific synthesis of history, (true) economics, and political activity.

The Progressive Labor Party (PLP) looks to the science of Political Economy to build a movement of hundreds of millions of workers around the world, and to put an end to the era of capitalism. We seek to inaugurate the era of working class control—the era of communism.

Mostly examples from the U.S. are used throughout the pamphlet, but the concepts are applicable to workers throughout the world.

We emphasize that you can make a difference, you can be part of the struggle to liberate the working class from the dark night of capitalism. To do that you should, you must, join and build capitalism's key opponent, a revolutionary communist party: the Progressive Labor Party. There is no other way.

The booklet is arranged as follows:

Section I, **THE "ROSY DAWN" OF CAPITALISM: THE ILLUSION OF**

PROGRESS, THE REALITY OF MASS MURDER, SLAVERY, AND ARMED ROBBERY

Section II, **THE WAGE SYSTEM AND COMMODITY PRODUCTION:**

THE ILLUSION OF FAIRNESS AND NATURALNESS, THE REALITY OF THEFT AND MURDER

Section III, **THE WAGE SYSTEM: THE ILLUSION OF FREEDOM, THE REALITY OF SLAVERY**

Section IV, **CAPITALISTS' IDEAS ARE WORKERS' CHAINS: THE ILLUSION OF TRUTH, THE REALITY OF LIES**

Section V, **CAPITALIST ECONOMIC CRISIS: THE ILLUSION OF ACCIDENT, THE REALITY OF INEVITABILITY.**

Section VI, **IMPERIALISM, CRISIS, AND WORLD WAR: THE ILLUSION OF A BYGONE ERA, THE REALITY OF THE WORLD TODAY**

Section VII, **FASCISM: THE ILLUSION OF STRENGTH, THE REALITY OF WEAKNESS**

Section VIII, **COMMUNISM: THE ILLUSION THAT WORKING CLASS LIBERATION WILL NEVER HAPPEN, THE REALITY THAT IT ALREADY HAS--AND WILL AGAIN**

SECTION I

THE "ROSY DAWN" OF CAPITALISM: THE ILLUSION OF PROGRESS, THE REALITY OF MASS MURDER, SLAVERY, AND ARMED ROBBERY

Capital comes into the world dripping from head to foot, from every pore, with blood and dirt.

— Karl Marx

Under capitalism, gigantic amounts of wealth are concentrated into a few hands—those of the capitalists. At the same time, an epidemic of life-and-death poverty spreads among the masses. Capital is not just wealth or a huge sum of money. Capital is the social relationship between the wealth of a few and the poverty of the vast majority who are forced to work for those wealthy few. Capitalism dominates everything in our lives, from the jobs we hold to the schools we attend, from the houses we live in to the clothes we wear, from the music we hear to the relationships we build.

Capitalism's effects are so far-reaching that it seems natural, inescapable, a fact of human society. But capitalism has not always been the controlling force in people's lives, and it is far from natural. After more than two million years of human existence, capitalism emerged only a few hundred years ago. Its current status is the result of a long and continuing campaign of warfare, terror, and slavery that was, and is, driven by the need of capitalists for **maximum profits**. This need first arose as a result of capitalist relationships—in particular, inter-capitalist competition. It was not previously a human characteristic.

Marxist Political Economy isn't taught in any of our schools or universities. Knowledge and ideas lead to action, and communist knowledge and ideas lead to communist revolution. *Understanding how capitalism began, and what social conditions keep it going, is absolutely critical to the struggle to build the revolutionary communist party, PLP, and to lead a revolution that will make capitalism a relic of the past.*

The rise of capitalism

As a system which accumulates vast wealth and power in a few hands, while creating untold poverty and misery for the many, capitalism maintains itself through a system of exploitation called **wage slavery**. Using their wealth, the bosses create businesses and hire workers to produce something that can be sold. The workers get wages, while the capitalists rake in the profits. Day by day, wage slavery robs the working class of the product of its labor.

A system of wage slavery depends on two things: the capitalists must first have money to invest (capital), and the workers must have no choice but to hire themselves out for a low wage.

Capitalists first come by their capital in a process called **primitive accumulation**. The history of capitalism shows that primitive accumulation is almost always the result of direct robbery, cheating, mass slavery, war, and genocide. Besides concentrating vast amounts of wealth into the hands of a few, these crimes robbed the masses of their traditional ways of providing for themselves.

At its birth, capitalism terrorized tribesmen and peasants, men, women, and children in Africa, Asia, Europe, and the Americas. Hollywood films paint the sixteenth and seventeenth centuries as a period of swashbuckling pirates and brave navigators. But more than 100 years ago, Marx wrote of it bitterly:

> The discovery of gold and silver in America, the uprooting, enslavement and entombment in the mines of the aboriginal population, the beginning of the conquest and looting of the East Indies, the turning of Africa into a warren [a game hunting preserve] for the commercialized hunting of black skins, signalized the rosy dawn of the era of capitalist production.

Marx's bitterness was well placed. Take just one example. It is estimated that more than $400 million (in 1970 dollars) worth of gold was stolen from the mines of Brazil by Portuguese capitalists in the 17th century. The number of Indian slaves murdered in this process is unknown, but Argentinean researcher Jorge Ledesma estimates that 90 million Indians were murdered or died fighting Spanish and Portuguese colonization of the Americas.

Between 1680 and 1688, the Royal African Company (in which King Charles II of England owned shares) paid dividends of 300% on slaves, even though only two-thirds of the 70,000 slaves transported during those few years survived the infamous "middle passage" from Africa to the New World.

Millions slaughtered or enslaved to create a few hundred millionaires--that was the birth of capitalism.

The creation of the working class

Under feudalism, the predecessor of capitalism, it's true that millions of peasants were oppressed, exploited, and impoverished. But local traditions allowed subsistence farming on small plots of land, and the peasants were a valued asset to their feudal lords.

Capitalism, on the other hand, needs a class without access to farmland—a class potentially even poorer than peasants. And capitalism got it. New laws brought capitalist poverty and repression to the old peasant class. In Britain, the peasants were driven off their small plots, robbed of their livelihood.

In King George III's reign, there were 3,554 "Acts of Enclosure," whereby 5.5 million acres of peasant farmland were **legally** handed over to the capitalists. As a result, masses of people became dependent on wage work. *This, of course, illustrates how only the class that rules determines what is legal and what is illegal.*

The emerging capitalist state began passing more and more laws to hound dispossessed peasants. The aim of these laws was to drive the unemployed to the cities, where the factory system awaited them. And so the once self-sufficient peasants became workers, or wage slaves, completely dependent on the capitalists and their wage system for survival. But because they were no longer bonded to any lord, they were pronounced "free."

In reality, they were free only to starve.

Children also formed a convenient labor pool. By the 1800s, thousands upon thousands of child laborers were transferred from parish poorhouses to the factories. In factories with one shift, they were worked 15 to 18 hours a day. In factories with two shifts, they worked for a mere 12 hours. In these "youth" camps, "the beds never get cold . . . the day set getting into the beds that the night set had just quitted."

The forced dependency of the worker on the wage system for everything is one key feature of capitalism. The other is the collaboration of the state. Far from being neutral, laws serve the needs of the capitalist. These two features were mercilessly exploited during the Industrial Revolution in Britain.

Primitive but modern

Primitive accumulation is not simply a thing of the past. Wherever there is a peasant class to dispossess, capitalism moves in on them. One modern example is the dismantling of socialist China. Until recently, the cooperative farms owned by the villages had formed the backbone of the People's Republic of China. Rural workers, in fact, made up some 80% of the nation.

Then Deng Xaoping, *Time Magazine*'s "Man of the Year," engineered China's headlong race into full-blown capitalism. Under his leadership, the so-called Communist Party of China passed a key capitalist law, called

Central Document Number 1, in 1983. It had the same effect as the Enclosure Acts of King George III. Here's how William Hinton describes the process set in motion by the new law:

> People with influence and connections--party cadres, their relatives, friends and cronies--were able to buy, at massive discounts, the tractors, trucks, wells, pumps, processing equipment and other productive property that the collectives had accumulated over decades through the hard labor of all members. It is doubtful if, in the history of the world, any privileged group ever acquired more for less. The scale of these transactions and the depth of the injury done to the average coop member boggles the mind. (William Hinton, "A Response to Hugh Deane," *Monthly Review,* March 1989)

In the wake of the new law, millions of Chinese workers have become uprooted. The McNeil-Lehrer News Hour of December 28, 1993, reported that there were already some 140 million migrant workers in China, and that their numbers were growing at a rate of 20 million per year. In desperate search of work, these displaced farm workers crowd the cities in the new enterprise zones. Meanwhile, health care programs have been terminated. Prostitution has reappeared, along with sexually transmitted diseases.

A *Business Week* report (October 31, 1988) noted widespread use of child labor: "Chinese investigators recently discovered children as young as 10 making toys, electronic gear, garments and artificial flowers. They work up to 14 and 15 hours a day at salaries ranging from $10 to $31 per month. Often workers sleep 2 or 3 in a bed in dormitories." Sound like Josiah Wedgewood's England?

The capitalist media, condemning only the infighting among various pro-capitalist factions, have touted China's shift to capitalism as a liberation. But to the media, only the liberation of the capitalist class matters. *And the liberation of the capitalists, as always, means the enslavement of the working class.*

Capitalism is by definition a social relationship between a handful of super-rich capitalists and the masses of more or less impoverished wage slaves—the workers—whom the capitalists dominate.

The uses of war

Not only does developing capitalism need primitive accumulation, but *from time to time fully developed capitalism needs it as well*. In periods like the present, when the falling rate of profit drives capitalism into crisis (covered in Section V), wars and civil wars give the victors new opportunities for primitive accumulation. In the 1930s depression, German Nazis looted the personal, commercial, and industrial assets of countries they occupied, such as Austria and Czechoslovakia.

The civil wars raging throughout the former Soviet Union, Yugoslavia, and parts of Africa (Rwanda, Somalia) are examples of attempts by groups of local capitalists to replace their dwindling profits from exploitation with windfall profits from primitive accumulation.

None of these capitalist wars will ever liberate the working class, though it's the workers who die in the name of national freedom. All nationalism is reactionary, a position PLP has held for 30 years.

SECTION II

THE WAGE SYSTEM AND COMMODITY PRODUCTION: THE ILLUSION OF FAIRNESS AND NATURALNESS, THE REALITY OF THEFT AND MURDER

Under capitalism, money--in the form of capital--is God; people--in the form of workers--are things!

In every society, economic survival requires that people produce the things they need, distribute the products

of this labor, and consume those products. To accomplish this, every society must determine what to produce, how to produce it, and for whom to produce it. In a capitalist society, these requirements are answered by **class division, commodity production, private property, and wage labor.**

Under capitalism, restaurant owners in Los Angeles pour bleach on the unsold food in their dumpsters to prevent hungry people from eating it. By the mid-1980s, the U.S. Dept. of Agriculture was spending $20 billion annually on the destruction of crops and livestock. *If you can't buy it, you can't use it--that's the capitalist principle.*

Primitive communism in prehistory—as well as the advanced communism that will replace capitalism—tells us that the questions of production, distribution, and consumption can be answered in a very different way

Capitalism is based on commodity production

Commodities are goods **created for sale** and are characteristic of all capitalist production. If I bake a loaf of bread for anyone to eat, that loaf is just bread. But if I bake a loaf of bread to sell, that loaf becomes a commodity.

Commodities have a dual value:

> **Use value**. You can eat the loaf of bread you make; you can eat the bread you buy at the store. They both have value as food. Like all goods that society produces, commodities have a use. The use value of a loaf of bread is its value in the life of the consumer—a qualitative concept.
>
> **Exchange value**. In a commodity-producing society, known as capitalism, the distribution of goods, or products, takes place as an exchange. This exchange occurs in a market system and requires money. Bread produced for sale comes with a price tag. If we don't have the money, we don't get the bread. The price of a commodity is related to its exchange value—a quantitative concept. Exchange value is what capitalist economists mean when they speak of just plain "value."

Property laws determine which individuals own the commodities that others produce. Commodities are distributed to consumers through a system of exchange. In a system governed by private property, the exchange of commodities is essential, because factory work becomes so specialized that individuals cannot produce by themselves everything they need to survive.

According to the capitalist laws of private property, the capitalists own the means of production: factories, mines, farms, railroads, airlines, bakeries, computer corporations. By these same laws, they also own all the commodities produced by the workers they've hired to do the work of production. The workers do not own any means of production, and as a result must work for the capitalists in exchange for wages. The workers' labor produces the commodities, but the capitalists get to own and sell them.

Capitalism: where commodity production is king!

Commodity production (production for exchange value and profit) is devastating for the masses of workers. A glance at African agriculture shows how deadly it is. Squeezed by debt pressures, African economies have had to rip up traditional food crops and replant the land with cash crops—like coffee or cocoa—grown for export. The traditional crops have a high use value for African workers; they end hunger. But they have little exchange value on the international market.

During the 1980s, the overall export prices of primary products (coffee, cocoa, tea, etc.) fell by one-third.

Africa lost $5.6 billion from the fall of commodity prices in 1991, a plunge that confronted 20 million Africans—by the estimate of the United Nations World Food program—with famine. This is just one example of the triumph of commodity production. Commodity production is murder!

The labor theory of value

In this section we explain the relationship of **exchange value**, **price**, and **labor time**.

How is the exchange value of commodities determined? Often we think of the value of, say, an apple as its price--50 cents or thereabouts. The purchasing power of 50 cents, however, can change wildly over the years. It is in no way tied to the apple.

A better way of thinking about the exchange value of a commodity is to measure its proportional exchanges with other commodities. In the U.S., one loaf of bread can be exchanged for about three apples. This was true ten years ago as well as today, even though the bread's price has risen from $1 per loaf to close to $2.

While prices fluctuate, the exchange value of a commodity in the short run tends to be fixed relative to the exchange value of other commodities. Why should this be so? How are the proportions in which commodities exchange with each other regulated? Marx discovered that the exchange value of commodities is traceable to one universally common characteristic: human labor.

The production of a silk shirt requires more labor time than the production of an apple. The two items' exchange values (and prices) reflect this difference. In other words, the relative values of commodities is determined by the relative amounts of labor time fixed in them.

As Marx wrote, "The value of a commodity is determined by the quantity of labor expended upon its production based on the quantity of labor necessary for its production in a given state of society, under certain social average conditions of production, with a given social average intensity, and average skill of the labor employed."

In other words, *the exchange value relationship among **things** is in reality a social relationship among **people**.*

Marx necessarily emphasized the "average" in his definition of exchange value. For example, a slow worker might make two tables in one day, while an average worker makes five of equal quality. Without the idea of averages, the definition would suggest that the slow worker's two tables have the same value as the typical worker's five tables, a clear absurdity.

The capitalist explanation for the determination of value is supply and demand

But what about supply and demand? There is much evidence that a sudden change in supply can change the **price** of a product. For example, a head of lettuce and a pound of tomatoes are generally of equal exchange value, since they take about the same amount of labor time to bring to market. Two years ago, California had a deep winter freeze that killed most of the lettuce in the fields. With lettuce in short supply, its price in the stores suddenly doubled. The price of a head was now equivalent to that of two pounds of tomatoes instead of one pound. When lettuce from Chile was shipped in and a new lettuce crop was planted, the supply increased, and the price returned to its original level. A head of lettuce again cost the same as *one* pound of tomatoes.

There are many examples of fluctuations in supply and demand that cause short-run changes in the prices of commodities. Economists analyze these at great length because capitalist speculators can make a quick buck playing this "shortage game." But supply and demand cannot determine the price at which a thing sells when its supply and demand are equal. Nor can supply and demand determine the *ranges* in which these price changes occur. The only thing which can determine both the equilibrium price and the range is the **exchange**

value, or *average necessary labor time*.

To illustrate this point, a new Toyota Camry might vary in price in the United States from $20,000 to $23,000 during a given year, while a gallon of gas might vary in price from $1.25 to $1.39 during the same year. But supply and demand do not explain why the Camry costs about 18,000 times as much as a gallon of gas. The only way to explain that long-term relationship is by comparing the quantity of labor involved in the production of the Camry and the gallon of gas.

As with any commodity, the total quantity of labor includes more than the labor that takes place at the Camry assembly plant. It also represents the labor required to produce the raw materials which go into the Camry, and the labor embedded in the tools, machinery, fuel, and buildings used up per Camry. Market prices may fluctuate with supply and demand. But the "natural price," based on exchange value between products, changes only when the amount of labor required to produce a product changes. For example, growing lettuce on less fertile land requires more labor for extra plowing and extra fertilizer, and even then the yield per acre will probably be lower. Similarly, the exchange value of oil might increase if the capitalists need to use oil with a high sulfur content, which requires more processing.

Labor power as a commodity, or the worker as a thing

In this section we shall explain labor *power*, which is different from labor time.

In a commodity economy, *on average,* everything is sold at its value—that is, its exchange value. As workers, we sell our labor power to the capitalists to carry out production for them. In return, we receive only the exchange value for our labor power.

Since the exchange value of any commodity is determined by how much labor time is required to produce it, the exchange value of labor power is determined by how much labor time it takes to produce our labor power. That means the amount of labor time required to produce the things which keep us alive and healthy enough to sell our labor power to the capitalists—in other words, our necessities of life (food, clothing, shelter).

If we are starving to death, or have no clothes or shelter, we become unfit for work and lose our labor power. Thus, the production of labor power consists in the satisfaction of the most elementary needs of the worker. That includes what it takes to raise children to become the next generation of workers.

At its most basic level, everyone who works for a living understands how this works. It often seems that we can’t ever get out of a hole. Just when the bills are paid off, the roof leaks. Fix that, and the car that takes us to work breaks down. Pay for that repair, and you need new shoes. Credit cards allow us to delude ourselves temporarily, but then the finance charges slap us awake again. When and if we receive a "cost of living" adjustment to our salary, it lays bare just this idea—that we are simply living to work and working to live. In exchange for our work, we are receiving just enough to be able to work another day.

A look at the chart below tells us where 40 hours work for 40 hours pay gets us. Year after year, working for wages produces the same result. Although the price of our labor power (our wage) appears to increase, this increase is due to inflation. Maddeningly, the price of the labor power—the wage—of the average factory worker remains about 30% above the barest survival income.

Survival income, or **subsistence**, is the baseline for the entire wage scale. An engineer may get a wage more than three times the subsistence level, and some factory workers’ wages may be 50% above it. But lower the subsistence level, and the whole wage scale will drop.

Under capitalism, labor power is a commodity. Workers cease to be human to the capitalist; they are treated

as commodities, or things. People worked for years at the Ford Motor Co. assembly plant in Milpitas, California. The plant was never unprofitable, as hundreds of workers spent their labor power assembling automobiles. But Ford had "a better idea." The capitalists who ran the company decided that production could be even more profitable if the factory were moved to Mexico, where subsistence wages are lower. As a result, Ford discarded the machinery and the California workers with equal disdain.

Of course, the unemployed workers in Mexico had been made so miserable by capitalism that even these low-paid jobs may have improved their situation. But this improvement had nothing to do with Ford's decision to move, even though the company often points to it to appear generous. An increase in profits was the only thing the company could contemplate. Playing one group of workers off against another, in this case across national boundaries, is the stock in trade of profit-making ventures.

Only an international Party can organize workers to act together across national boundaries. Only an international Party can enable the working class to defend itself against the capitalists, let alone defeat them.

Just as the capitalists must search the world for cheap oil, they must search it for cheap labor as well. To a capitalist, oil and workers are both commodities, both just things.

To restate: Workers produce commodities for the capitalists. For our labor power, we are paid wages. The capitalists take the commodities we produce and sell them in the marketplace. But the labor time required to produce our daily needs is significantly less than the labor time we spend in a day to make products for the capitalists.

Therefore the wage paid to us for our labor power (based on the exchange value of our labor power) is lower than the total price of the commodities we produce (based on the exchange value of the commodities, which in turn is based on the total time we spend laboring for the capitalist each day).

The average exchange value of the commodities produced in a day includes not only the labor time we workers put into it directly that day, but also the labor time put into making the raw materials and fuel which go into the day's product, as well as the labor time put into making that portion of the machinery and building which wears out in a day.

In other words, workers receive in wages only part of the value of the commodities we produce, often only a small part. Wages represent that part of the workday that workers labor to provide for their own subsistence. Profit comes from the balance of the workday, the hours that we essentially labor for free, putting money into the capitalist's pocket.

The capitalist's profits are then turned into more capital, and used to further exploit the workers.

In this relationship lies the basis for the inhumanity of capitalism on the one hand, and the alienation of the workers on the other: the conversion of people into things, and their recognition that everything in capitalism works against them.

Capitalism, then, is commodity production. And commodity production rests on the exploitation of the working class. Once we realize this, we can understand that there can be no such thing as "progressive" capitalism. Whether it is the anti-apartheid capitalism led by Nelson Mandela, or the Palestinian capitalism espoused by Yasser Arafat, capitalism condemns the working class to wage slavery.

PLP fights for a communist revolution, which will abolish commodity production, profits, and exploitation, along with the capitalist class that lives off them. We will lead the working class to replace production based on social division and widespread coercion with production based on social solidarity and political incentive. Production will be organized only for the satisfaction of social needs.

"Your labor or your life"--profit is theft from workers

Our discussion of labor as a commodity has shown that profits come from the value of the labor stolen from the workers by the capitalists. Marx called this portion of value **surplus value**. On average, *surplus value = profit*.

Let's use an example from an article in *Challenge* (December 8, 1993), based on a real garment factory in Los Angeles. (For the sake of simplicity, we will assume that, on average, the prices are equivalent to the exchange values.) A group of 25 workers--sewing machine operators, washers, and a cutter--produce 1,100 pairs of pants each day. The workers average $48 per day in wages, for a total of $1,200. The boss spends an additional $2,293 on materials, electricity, and wear and tear on machines, for a total of $3,493 in daily expenses.

When the pants are sold, the boss receives $5,500, or $2,007 more than expenses—in other words, profit. To the $2,293 spent on materials, electricity, and wear and tear on the machines, the workers have added a total of $3,207 in exchange value to the pants. But the workers do not receive the whole $3,207 for their labor time. They receive only $1,200 for their labor *power*, while the boss takes the surplus value of $2,007—that is, one boss takes almost twice as much as the 25 workers get all together.

This is theft, pure and simple. But since the bosses own the system, they make such theft legal. Furthermore, they try to hide the theft by claiming that they are paying for the whole day's work.

The net result is that each worker gets $48 for the day, while the boss gets $2,007, which is more than 40 times as much as each worker! This is the dirty, not-so-little secret of capitalism, and how great wealth co-exists with great poverty.

In summary, surplus value is that portion of value created by the worker that is not paid to the worker, but instead is stolen by the boss, as profit. As Marx wrote,

> In order that he may be able to receive surplus value, the capitalist must find in the market a commodity whose use value possesses the peculiar property of being a source of value--a commodity whose use creates value. Such a commodity exists--it is human labor power. Its use is labor and labor creates value. The owner of money buys labor power at its value, which is determined, like the value of every other commodity, by the socially necessary labor time requisite in its production (that is to say, the cost of maintaining the worker and family). Having bought labor power, the owner of money is entitled to use it, that is to set it to work for the whole day (say 8 hours). Meanwhile in the course of 4 hours ("necessary" labor time) the worker produces sufficient to pay back the cost of his own maintenance; and in the course of the next 4 hours ("surplus" labor time) he produces a "surplus" product or surplus value, for which the capitalist does not pay him.

In addition to workers who manufacture a product, this principle applies equally to workers who provide a service, such as retail, hospital, school, or mass transport.

Surplus value is legalized theft, taking place on a gigantic scale. In 1993, corporate profits totaled $225 billion. (This does not include the untold billions of dollars consumed by capitalists in write-offs for executive salaries, interest payments to bankers, business lunches, country clubs, socially useless advertising, fancy offices and other "expenses," as well as corporate taxes which are also produced by workers' surplus value and pay for all government functions.) All of this money represents wealth stolen from you and me, from our class, and distributed to a small number of capitalists, who make up less than 1% of the total population.

The heart of the relationship between workers and capitalists is exploitation; the capitalists exploit the workers by stealing surplus value from them. But the capitalists *present* the relationship as a fair exchange between human beings who are more or less equal. It is made to look like a square deal; you sell your labor, you get paid for it. You work 40 hours, you get 40 hours' pay, right?

But Marxist analysis makes it clear that you do not sell your labor—you sell your labor power. If you truly sold your labor, you would get paid for the surplus value you produced. But in reality, you may work 40 hours, but you get paid for only a portion of those hours. In fact, the wage system is a tremendous con game that hides the capitalists' daily theft of surplus value from the working class.

Capitalism's drive for profit is ruthless. Because the system exists to make profits, it does not matter how it makes those profits, what it produces, or what happens to workers in the process. Sweatshops, layoffs, minimum wages, schemes to circumvent minimum-wage laws, elimination of benefits, moving production to lower-wage-rate countries, and, most important of all, *intense racism and sexism to divide the working class and "justify" huge wage differentials*--all of these forms of exploitation are rooted in the nature of capitalism.

When capitalists talk about productivity, efficiency, and increasing profits, they are talking about trying to change the ratio of "necessary labor time" to "surplus labor time" in their favor. They want to reduce the part of the work-day that workers work to maintain their existence and increase the part of the work-day that workers produce profits for the boss. It is just another way of squeezing more out of the workers.

How does the middle class fit into this scheme?

There are only three possible relationships to the means of production. A few people own them, many more work them, and a third group does neither, but rather provides some service. The latter group includes everyone from high-paid Wall Street lawyers to low-paid nurses' aides and cab drivers. While one can quibble about various borderline categories, such as truck drivers who deliver finished products to the stores, this does not change the essence of the exploitative relationship between the capitalists and the production workers.

Insofar as the workers have to pay for, say, health care, this is included in the cost of their subsistence (the value of their labor power), whether it is paid directly through their paycheck or in the form of employer-provided health insurance. And insofar as the capitalists have to pay for a doctor's services for their own personal health care, they have to take it out of their profits for their own personal consumption. Either way, it reduces that part of the surplus value available to the capitalists for reinvestment to expand their capital.

For this reason, the capitalists are embarked on a campaign in the U.S. to reduce the cost of health care, in particular (and to a lesser degree all other services, including the schools). If they can get doctors and other health care personnel, as well as other service providers, to provide the service for less, the capitalists will be able to drive down the cost of workers' subsistence and therefore their wages.

The capitalists, fighting against the resistance of the workers, aim at driving down wages below the level necessary for workers' subsistence, and letting them go without health care altogether. And, in fact, they do this, which accounts for, among other things, the 15% or so of the U.S. population without any health insurance.

The main point is that even when we take into account the so-called middle class of professionals, who provide services rather than material commodities, the essence of the relationship between the capitalists and the commodity-producing workers remains the same. Furthermore, the essence of the relationship between the capitalists and the professionals and other service providers is also antagonistic, as the service providers are in competition for that portion of surplus value which would otherwise go toward capital expansion.

(There are, of course, exceptions to this antagonism, including that minority of professionals who willingly help the capitalists hide the true nature of capitalism and maintain their political and economic power. The capitalists are perfectly willing to pay for racist professors, or for the clergy who help pacify workers' fury, or for the politicians who get rich in exchange for their faithful service to the system. The capitalists consider these to be worthwhile, even if non-productive, investments.)

Because of the essential antagonism between the capitalists and the providers of services, members of PLP work among and organize the service sector of the working class, public as well as private, as well as among professionals. All of these groups need communism.

Industrial workers, however, have the most power to affect the ruling class' profits, since they can halt production of the commodities that are the source of capitalist wealth—through strikes. The industrial working class is therefore central to the process of communist organizing.

Maximizing profit is not a matter of choice for the capitalists

The liberal media, politicians, and professors often criticize the "greedy" capitalists, as though one more reading of Charles Dickens' "A Christmas Carol" might lead them to take less profit and pay workers higher wages. This wishful thinking is based on a complete misunderstanding—or deliberate lie—about the nature of the inner workings of capitalism, and, in particular, of capitalist competition.

Every capitalist, like it or not, is *forced* to maximize profits in order to stay in business. If they do not continually move to lower their costs to the bare minimum and expand their share of the market, their competitors will drive them out of business.

It is not a matter of choice for the capitalists, but rather a matter of life and death. Greed is not the cause, but rather the result of this dog-eat-dog competition. Asking capitalists to be less greedy is equivalent to asking them to commit suicide.

Racism and sexism are central to maximizing capitalist profits

When the capitalists pretend that superficial characteristics, such as skin color or gender, determine a person's worth, they are simply engaged in squeezing still more out of all workers.

In fact, racism is the greatest single source of profits. While earlier capitalists made huge profits from the slave trade and slavery itself (as we saw in Section I), modern-day capitalists reap windfall profits from the gap between black and white wages in the U.S. This difference alone accounts for over 30% of total corporate profits!

But not only does the wage differential enhance the profits made off of black and Latin workers. By promoting racist and sexist divisions among workers, by destroying unity and reducing workers' power to fight, the capitalists are able to lower the *entire* wage scale. Profits are boosted even higher. The entire working class, *including white workers,* is pushed nearer to bare subsistence levels.

So capitalism, with its competitive drive for survival, forces the capitalists to maintain and deepen racist systems all over the globe, something they are perfectly willing to do, despite all pretensions to the contrary. Clinton's recent campaign to sprinkle apologies all around the world for the racist and genocidal practices of past U.S. rulers is a thinly veiled attempt to pretend that the rulers of today are the good guys. But racism, like profit maximization, is not a matter of choice for the capitalists; it cannot be eliminated by reforms, or by struggles for "civil rights." There is only one way to eliminate racism, and similarly sexism, and that is to obliterate the profit system that feeds on them. That requires communist revolution.

Communist revolution

The working class is central to capitalism, because workers produce *all* the surplus value, as well as all other exchange value. This is the power of the working class. Of course, the capitalists won't admit, and may not even understand, that they get all their profits and capital from labor. They pretend that their profit represents nothing more than a combination of their own wage for the more valuable work of running the business and a reward for their cleverness at selling things at a price higher than their value.

In order to pull off this monstrous deception, the capitalists need help from a wide variety of supporting institutions and propagandists. The capitalists create an elaborate network of theories and ideologies to hide the class nature of their system. The universities, the press, the legal system, the science academies, and even the unions all collaborate to hide the reality of exploitation and to deaden revolutionary class consciousness. (We will cover this feature in more depth in Section IV.)

Capitalism will push the value of labor more or less to its minimum limit necessary for survival. As Marx acknowledged, workers have no choice but to fight against the constant lowering of our wages.

But at the same time, the working class should not exaggerate the ultimate effectiveness of those everyday struggles. "Winning" such fights simply maintains the price of our labor power for the moment—and the global misery that is the norm today. It does not eliminate the constant and grinding theft of the value produced by our labor. It does not eliminate the racism and sexism used to justify wages below subsistence level for a huge percentage of the world's working class. It does not eliminate the excess deaths caused by such poverty. It does not eliminate the unemployment and the wars of capitalism.

Rather than fight for "a fair day's wage for a fair day's work," the working class must fight to abolish capitalism and the wage system altogether, and to work for the emancipation of the working class. Only then can the working class establish a "fair" system: communism.

Only a revolution that enables the working class to take power can destroy the wage system that supports capitalism.

Clearly the fight before the working class, especially on the job, is a political one. If we allow the struggle to be narrowed to wages and working conditions, we will leave untouched the political power of the capitalists and their system of exploitation. The chief role of the unions is precisely that—to insist that the battle for wages and conditions is all that concerns the working class. To the point that they succeed, the unions do capitalism a great service. That is why the revolutionary PLP has formed in opposition to the unions. PLP is the only communist movement in history to put forward the slogan, "Abolish Wage Slavery," as our immediate goal. We aim to participate in all the struggles of the working class—even ones about wages and conditions. But we fight today with the aim of building a revolutionary class consciousness. We are not content with merely making adjustments that capitalism might accept for the moment.

No one underestimates the task that communists take on. Its scope--political, cultural, agitational, and confrontational--demands an all-around approach to our fellow workers—what PLP calls base-building.

Base-building, in turn, requires the consistent and expanding sale of a revolutionary newspaper. PLP's newspaper, Challenge, *is a key tool in the revolutionary politicization of any struggle against the capitalists. The struggle to recruit distributors of the paper is a strategic one in the battle for communist revolution.*

SECTION III

THE WAGE SYSTEM: THE ILLUSION OF FREEDOM, THE REALITY OF SLAVERY

> *At about 5:50 a.m., Monday through Saturday, a guy named Bob enters the crowded locker room of a waste-disposal works in Detroit, hollering out his trademark greeting: "Good morning, wage slaves!" This section is dedicated to Bob and*

workers like him, in the hope that more of us will adopt his agitational techniques and expand on them.

Whether we teach school, work in an auto plant, or build houses, we are all wage slaves. Anticommunist propaganda and education have triumphed to the extent that we fail to see the wage system as our key enemy.

Nevertheless, the wage system *is* capitalism, and so we realize the revolutionary scope of what PLP is setting out to do. Clearly, the goal of abolishing the wage system is beyond the ability of a trade union. It calls for the organization of a mass revolutionary Party. And while the task of winning people to fight for a society without a wage system appears at first to be daunting, it turns out that capitalism, with all its horrors, actually helps us.

From primitive communism to scientific communism

As in all investigations, it is best to start this one with the understanding that everything is in motion. Motion, or change, is central to the philosophy of dialectical materialism, another name for Marxism.

Just as ancient Egyptian, Roman, and Greek slavery was superseded a thousand years ago by feudalism and serfdom, which was in turn superseded 400 years ago by capitalism and its wage system, so too capitalism will be replaced by communism. Throughout the course of human history, each transition was a revolution which required armed struggle by the new ruling class against the old. So, too, will the transition to communism require armed struggle by the working class (the new ruling class) against the capitalists (the old, or present, ruling class).

Looking back in history, we find that work is central to the development of human society. It is through work that human consciousness and culture have developed. Language, for example, is the capability that organizes us to work. The origins of language trace back to the coordination of human efforts in the performance of tasks. Work and language combine to produce a human being that is qualitatively different from an animal being. Language, allows us to have a history, for one thing. And because work is central to the development of language, work is central to our very essence.

For two million years, until only a few thousand years ago, human beings lived in communities with a social arrangement called primitive communism. They cooperated to hunt, pick, or produce what they needed to live, and they educated and entertained each other to make life interesting. Work was a rewarding experience for everyone, because work was performed for the common good.

But under capitalism, work—the very essence of being human—is owned by the capitalists and called "a job." A *job*—to most people, the very word sounds like a prison sentence. To an increasing number it is, in fact, a death sentence. By owning and controlling the means of production, which is protected by their monopoly hold on state power (covered in Section IV), the capitalists force the workers to compete for jobs.

No job, no wages! No wages, no money! No money, no life!

Within this wage system, then, are born the modern features of working-class life under capitalism. There is *alienation* (with its sense of purposelessness and "me, me, me" individualism), *competition* (fostering, among other things, racism and sexism), and *the domination of capital* (where the lack of money creates a sense of weakness and despair). Yet the struggle for survival against the system also generates the opposite feelings: collectivity, purpose, confidence, and rebellion. The two sets of feelings exist side by side in all of us.

Only communist revolution can restore the dominance of the better feelings. And communist revolution can only succeed if we correct the errors of the earlier revolutions in the Soviet Union and China and abolish the wage system. Work will be generated by social needs. Rather than fostering competition and putting down a brother or a sister, it will promote social solidarity and respect for one another—what communists call

comradeship. This is the communist world for which PLP fights.

Capitalism profits from unemployment and is incapable of abolishing it!

Everyone knows the media trashes welfare recipients. Fewer realize that the purpose behind that trashing is to drive a wedge between the employed and unemployed sectors of the working class.

What is carefully kept from us is that capitalism *needs* unemployment. It inevitably produces it and profits from it.

Competition forces all capitalists to minimize the number of workers they employ, while driving many capitalists out of business. Both of these inevitable developments produce unemployment. While expansion of some businesses decreases unemployment, it is inevitably coupled with the closing of other businesses. The net number of jobs invariably fails to keep pace with the growth of the working-class population. In time of war, we may temporarily have the illusion of full employment, but only because millions of workers are sent to kill and die.

Nowhere does capitalism achieve full productive employment, though its paid "experts" habitually lie about this question. Let’s examine their sleight of hand in covering over the true unemployment rate. After any unemployed workers look for work so long without success that they give up, or run out of unemployment benefits, or are thrown into prison, or join the army, they are no longer counted as unemployed. They "disappear," artificially and falsely lowering the claimed unemployment rate.

It’s a neat sleight of hand, but it’s no magic. It’s just a bald-faced lie.

Anything even approaching full employment is a big danger to the capitalists. By reducing competition among workers, it shifts the bargaining power for wage rates in favor of the working class. This means that the working class can keep a bigger share of the surplus value produced by us but normally skimmed off by the capitalists. On the other hand, if wages can be driven down, the capitalist share of the surplus value grows.

When capitalists turn to automation, robotics, or globalization (exporting plant and jobs wholesale) to increase their profits, they also create a vast pool of unemployed workers—what Marx called capitalism’s "reserve army of labor." This "army" acts as a weight pulling down the wages of employed workers. Unemployment is a permanent feature of modern capitalism because capitalists *need* it. Capitalism has an urgent interest in creating permanent high unemployment.

The "reserve army" is not created by the movement of people (legal or illegal immigration), as the capitalists would like us to believe. Indeed, the reverse is true--the movement of people is largely caused by unemployment, with workers seeking job opportunities in other geographic areas.

Neither is high unemployment a product of high birth rates and "overpopulation," as the UN Conference on population and birth control in Egypt claimed. In a system based on human needs (communism), the economy would expand to fill the needs. Unemployment is created solely by the relentless capitalist drive for profit. Full employment slashes profit for the capitalist, and therefore it can never be reached. With each announcement of a drop in the U.S. unemployment rate (whether true or false), the Federal Reserve either raises interest rates or threatens to do so, and the stock market drops. The capitalists are sending a clear message: Falling unemployment, while good for workers, is bad for investment and profits.

In a communist system, on the other hand, all adults could contribute to the needs of the working class, including the limitless expansion of such social needs as schools, hospitals, and working-class culture. Unemployment would be a relic of the capitalist past. (History demonstrates that full employment is achievable. During the capitalist depression of the 1930s, for example, when unemployment in the capitalist

part of the world was around 30%, there was no unemployment in the Soviet Union.)

Here is one of capitalism's main contradictions: The same huge pool of unemployed workers that the system needs to maximize profits also spells the system's end. The "reserve army" is politically volatile. With development of a mass communist consciousness, capitalism could not control the situation. The employed and the unemployed would see how each is being used to keep the other down. Class unity and the need for class struggle would be as obvious as A-B-C. It's no surprise, then, that the capitalists use racism, sexism, and anti-communism to blunt or stamp out class struggle.

The job of the PLP is to win the "hearts and minds" of the working class to communism and workers' power. One of the best ways we do this is by bringing our long-term strategic outlook to our co-workers, and continually battling to prevent this outlook from being drowned out by short-term tactical considerations. Challenge*, our Party's newspaper, is an invaluable weapon in this struggle. We devote money and energy to its weekly production and distribution, but we need to do much, much more. We need help. And one of the key reasons we are producing this pamphlet is the expectation that, once armed with a revolutionary class analysis, more of us will become confident and active* Challenge *distributors, and eventually members of PLP.*

Capitalism needs to keep wages to a minimum

According to a series in the *New York Times* in March 1996, "The Downsizing of America," the U.S. working class has lost more than 43 million better-paying full time jobs since 1979. These have largely been replaced by lower-paying, part-time jobs. When Clinton brags that he has created 350,000 new jobs through NAFTA, alone, he is deliberately masking the fact that these jobs are held by far fewer workers, many of whom hold more than one of those jobs.

Further, because part-timers show up to work week after week like the full-timers, the capitalists claim that workers can subsist on a lump sum equal to less than what the full-timers get. And if workers can subsist on less, the capitalists see no reason to pay more. Part-time jobs thus have the general effect of driving down the subsistence pay of all workers.

The same is true for overtime. When you get a lot of overtime pay, you stop noticing that your regular wages don't really cover the cost of living, at least not in the way that they used to. So the capitalists find it even easier to skip the next wage adjustment for inflation.

At the same time, heavy overtime means fewer jobs overall. So unemployment goes up, and these increases in unemployment make it possible to lower wages yet again. Meanwhile, the boss saves even more money by refusing to pay benefits to part-time workers or to increase benefits proportional to overtime work. Overtime work, like part-time work, intensifies the exploitation of the working class.

Wage slavery--an exaggeration?

The capitalists pay the workers' wages, but where do they get the money? From the surplus value previously created by the workers. (Originally, as we saw in the discussion of primitive accumulation in Section I, they stole it outright). The difference, then, between ancient slave societies, like Egypt and Rome, and modern capitalist societies can be summed up as follows:

- In ancient slavery, all the slave's labor appears unpaid, but the owner pays for the slave's subsistence.
- In wage slavery, all the worker's labor appears *paid*, but the boss pays *only* for the worker's subsistence.

In either case the boss pays, and only pays, for the workers' subsistence, and in either case the rest of the workers' labor time is stolen.

True, under wage slavery, we are free to leave our "master," but that merely means we are free to find another master or starve to death. Wage slavery is in reality full slavery for the vast majority of workers.

To add insult to injury, the capitalist media advertise the success of that small minority of workers who manage to rise above this level of slavery. They use this minority to make the rest of us feel that our own personal shortcomings are responsible for our enslavement. But a few exceptions don't change the rule.

"Capitalist production, therefore," Marx wrote, "produces not only commodities, not only surplus value, but it also produces and reproduces the capitalist relation; on the one side the capitalist, on the other the wage-laborer."

Or, as Bob in Detroit says every morning, "Good morning, wage slaves!"

Class war--an entire system cannot be dismantled piecemeal

Overtime is up. Part-timing is up. Unemployment is up. Workfare and prison labor are up. Racist poverty is up. Deportations and murder of immigrants are up.

Capitalism has launched a full-scale attack to lower the subsistence level of the U.S. working class. Whereas the wage system, especially, veils this attack, the communist science of Political Economy exposes it. The underemployed part-timers aren't the lone victims. The unemployed youth don't stand alone. Nor do the immigrant farm workers living in the open fields in which they work, nor the prison laborers building planes for Boeing. And nor do the overworked, overtaxed, and underpaid full-timers.

We are all *collectively* the target. This is class war, and it cannot be fought by a few here and another few there. Nor can it be fought successfully with any idea of compromising with capitalism.

Over 100 years ago, Karl Marx pointed out that

> ...within the capitalist system all methods for raising the social productiveness of labor are bought about at the cost of the individual laborer: all means for the development of production transform themselves into means for domination over, and exploitation of, the workers; they mutilate the laborer into a fragment of a man, degrade him to the level of an appendage of a machine, destroy every remnant of charm in his work and turn it into hated toil; they estrange from him the intellectual potentialities of the laborer in the same proportion as science is incorporated in it as an independent power; they distort the conditions under which he works, subject him during the labor process to a despotism the more hateful for its meanness; *they transform his lifetime into working time.*

The wage system is at the heart of the system Marx so accurately described over 100 years ago. Who needs it? The liberation of the enslaved majority of mankind cannot come unless our revolution smashes wage slavery. That is the revolution the communist Progressive Labor Party is organizing!

The old communist movement wanted communism and had tremendous triumphs. But it fought for socialism, which kept the wage system. PLP, with the advantage of hindsight, has concluded that we need a direct fight for communism. But we can only wage that fight with a mass party of millions of workers in every region of the world, and with the support of many hundreds of millions of others. The PLP has got to grow in membership, influence, and support. The aim of this pamphlet is to win all of us to deepen our commitment and activity in building the communist revolution we all need.

SECTION IV

CAPITALISTS' IDEAS ARE WORKERS' CHAINS: THE ILLUSION OF TRUTH, THE REALITY OF LIES

By their control over the way history is taught in schools, the ruling class makes capitalism look like the natural state of affairs. They teach that human activity has always been organized in the same way, with a small ruling class dictating to the entire human species. They teach that characteristics spawned by capitalist social organization, such as selfishness, racism, and sexism, stem from universal, fundamental, and unchangeable human nature. How can there be any point in even trying to improve the condition of the working class, when our biological natures prevent any such improvement?

All of these claims are falsehoods deliberately invented by the capitalist ruling class, with the help of that small group of well-paid intellectual prostitutes who believe they have a stake in the present capitalist order: most historians, philosophers, sociologists, scientists, entertainers, and artists, and virtually all politicians. The purpose of these lies is obvious. Without them, no small class could maintain its power over the vast majority.

By far and away, however, the main weapon the capitalists use is the armed power of the government, what communists refer to as "the state." The state consists primarily of the armed forces, the police, the prisons, and the courts—the legal agencies of force and violence against the working class. When the capitalists find it necessary, the state is also used against competing capitalists in war.

How did the capitalists gain control of the state?

How is it that the government is controlled by the capitalists? All states, and indeed all institutions in any society divided by class, have always been controlled by the class which owns the means of production. Under capitalism, it is not hard to see that only the rich capitalists can afford to stake the kind of money required for political campaigns.

As Lenin put it, "Every few years we get to vote for our oppressors."

If an unusual politician even tries to act consistently in favor of the working class, he or she is isolated, ridiculed by other politicians and the mass media, possibly thrown off the ballot. If necessary, they are assassinated, though they are by no means the only targets of assassination. Kennedy and Lincoln, for example, were victims of a rivalry between different groups of capitalists. The main point is that under capitalism, money rules.

Their wealth also gives the capitalists control over their society's other institutions, such as the schools and universities, the mass media, the think tanks, and so on. Indeed, it is through these institutions that the capitalists try to enchain our minds.

A mind in chains is a body in chains

If the capitalists had to call on the state, in all its naked strength, to fight the entire working class on a daily basis, it would expose the nature of their class rule and put the whole fraudulent setup in danger. Slaves who know they are slaves rebel continually.

As a safer alternative, capitalists use a variety of first-line thought weapons. These are lies that prevent workers from gaining the understanding that we constitute a potentially powerful political force. They keep us convinced that we are powerless. The main thought weapons are racism, sexism, nationalism, individualism, religion, and anti-communism, but foremost among these is racism.

Capitalists need racism like maggots need garbage

Capitalism goes to extreme lengths to promote racism, because racism drives a wedge between workers. For example, the government and the media regularly pretends that the "reserve army" of the unemployed is overwhelmingly of one "race" or ethnic group. This lie enables the capitalists to make it appear that unemployment is caused not by the class needs of capitalism, but rather by the physical or language characteristics of the unemployed. Racism deadens workers' class consciousness, and leads some groups of workers to think that capitalism is not their problem. Racism among workers tears the working class apart.

Capitalists and their liberal apologists in the media and universities pretend that racism consists merely of prejudice or discrimination or racial inequality. But these concepts imply that it just exists because it is handed down from generation to generation, in both the working class and the ruling class, and that it is hard to change peoples' minds about such a deep-rooted tradition.

In this way, the capitalists hide the fact that they continually and deliberately generate racism anew, in a variety of forms, because they cannot maximize their profits and compete without it. Even more important, without racism they would face an invincible rise in class consciousness, which would ultimately oust them from power.

Racism is an entire system of practices and ideas that feed off one another. It cannot be boiled down into any one of its components. Nor can it be eliminated one component at a time.

The capitalist state generates racism by the deliberate targeting of black workers for imprisonment, Latin immigrants for deportations, and Native Americans for the concentration camps called reservations. Meanwhile, the capitalist media puts forward a barrage of false explanations, blaming the victims by labeling them as criminals, alcoholics, or stealers of jobs and tax money from white workers.

The capitalists' schools and mass media hide the true history of working class unity in the struggle against exploitation. They pretend that discrimination against black and Latin students is the result, rather than the cause, of lower graduation rates and grade-point averages, and subsequent lagging income levels.

By continually barraging the entire working class with racist propaganda, the capitalists set the stage for winning the least class-conscious sections of the working class to act as agents of terrorism against other sections of workers. The recent grisly murder of James Byrd in Texas is the inevitable—and desired—result of this unrelenting campaign.

If any section of workers can be terrorized, all become more fearful. So the Klan and the Nazis, the militias and skinheads, the rival urban street gangs all receive constant infusions of cash and free publicity from the ruling class. To the extent that terror can be generated from within the working class, it saves the police from complete exposure as the primary hit squad for the ruling class.

How did racism get its start?

Racism is a system of both practices and ideas, each of which reinforces and gives rise to the other. It began in the U.S. over 300 years ago, in the 1660s. Southern plantation owners, who controlled the local governments through their overriding economic power, passed laws and developed institutions to extend their control to their work forces. They passed laws to divide the three groups of workers: white, Indian, and black. These laws primarily controlled the movements, meetings, dress, conduct, and education of black workers, and defined a black person as someone with one black grandparent.

While European servants were indentured for only seven years, servitude became a life sentence for black slaves. Eventually the planters ceased to use Indian and white workers altogether and turned completely to the largest and cheapest source of workers: Africa. The number of black slaves grew into the millions, far outnumbering the few thousand slave-owners. This posed a major political problem for the

planters—terrified about the potential threat of a unified working class.

To further discourage unity of black and white workers, the plantation owners' governments passed severe laws to punish white people who married or had sex with black people. As a warning to the many white people who refused at first to abide by these dehumanizing laws, more white people were hung in the early years of slavery than black people. After all, black slaves were too valuable to the slave owners to hang. As a further warning and ever-present reminder, decapitated white heads were placed on poles along the roadways like billboards, advertising that the slave owners meant business.

The ruling class kept all the groups fighting one another. Indians were offered bounties for betraying black runaway slaves; black people were given small rewards for helping to fight Indians; poor white people were used as cannon fodder against both. Racism was pushed as an ideology by press, professor, and pulpit to reinforce and justify this segregation.

How is racist ideology kept alive?

To this day, racism is still used to enable a small ruling class (now the capitalists) to maintain political control over a vastly larger, exploited working class. And to this day, racism continues to be developed as though it were a "scientific" theory based on a natural biological classification of humanity.

But the concept of "race" remains a complete fiction. A growing scientific literature today debunks the very concept of "race." The bottom line is that all humans are far more alike than different. Invented by the slave owners to divide and rule the working class and to deaden class consciousness, racism is the mortal enemy of all workers, and the prime target of communists.

With several hundred years of history burning racist ideology into the minds and institutions of U.S. society, racism has attained a tremendous momentum of its own. Capitalists no longer need to plant severed heads along the highways. Today the capitalists use less strenuous yet nonetheless effective means to maintain racism—primarily through their news media, their entertainment industry, and in their schools and universities.

In the universities thee are basically three groups of intellectuals. First are professors and researchers so imbued with racism that they don't notice the false conclusions in their teachings and writings, no more than a fish can realize that it's wet. They constitute the vast majority. Second is a group of anti-racists, a distinct minority at present, who oppose and expose these racist conclusions in their own teaching and writing. And third is a still smaller minority, who are willing and conscious racists for hire.

When certain forms of racist ideas have been discredited, and a precarious economic or political situation calls for it, the capitalists look to the conscious racists to design a new assault, backing them with the full support and advertising of the media, the publishing houses, and various capitalist-supported think-tanks and professional organizations.

In the 1960, during the war in Vietnam, the anti-war movement was growing and anti-racist rebellions, primarily by black workers, were sweeping major U.S. cities. In response, the prestigious *Harvard Education Review* called upon a professor at Berkeley, Arthur Jensen, to submit a paper asserting that black people are born with less mental capability than white people, based on genetic inheritance.

As crude as this sounds, Jensen's 100-page paper appeared in the Harvard journal, whose editorial board is run by conscious servants of the capitalists. Jensen's "research" became the magnet and basis for numerous other spin-off papers and speeches by other willing racist professors. Many other college teachers, oblivious to the way they were being manipulated, incorporated Jensen's work into their curricula.

Led primarily by the PLP, militant anti-racist organizing on college campuses fought this racism throughout the country. The spewers of this racist filth were shouted down, tossed off the podium, and generally shown to be no better than the Nazi propagandists in Germany, 30 years earlier. Out of that struggle came a PLP pamphlet entitled *Racism, Intelligence, and the Working Class*, which, among other things, outlined the entire history of intelligence tests as a racist weapon in the hands of the capitalists.

The mass struggle of students and the more militant anti-racist professors, some of them PLP members, encouraged an outpouring of books and articles in established academic journals by less militant, but no less anti-racist, professors. Once again, for the umpty-umpth time, they were called upon to refute in the scientific literature the age-old lie of black inferiority.

An idea which is useful to the capitalist class can never be killed by simply proving it is false. With each successive attack, it must be proved false once again. Like Dracula, it will be revived and reappear, and reappear again whenever the capitalists need to call on it. Racist ideology will survive as long as capitalism survives. It will die a permanent death only when workers smash its basis, the profit system, and drive the stake of communist revolution into its heart.

How is racism used by the ruling class?

The capitalists' primary purpose in enforcing racist discrimination is to retain political power. But racism also nets the capitalists billions in additional profits each year—through the direct lowering of the wages of black workers, and *through the indirect lowering of the wages of white workers,* who are weakened in their resistance by divisions within the working class. The more intense the local racism, the lower the wages for all workers in that area, *white as well as black.*

These lower wages mean super-profits for the capitalists. By multiplying the difference between the average income of white and non-white workers by the number of non-white workers in the U.S. private sector, we find that capitalist reap a total of $200 billion in super-profits. Slightly more than half of that total comes from the underpayment of black workers alone. The balance comes from Latin, Asian and Native American workers. *This does not include the superprofits that result from the downward pressure of racist divisions on the wages of white U.S. workers.*

Union bosses in the U.S. today are constantly accepting concessions of lower wages—not for themselves, of course, but for their members—to keep companies from moving abroad, as capitalists play off one group of workers against another. The 1998 General Motors strike was over just this issue. Faced with GM's threat that it would go out of business and lay off all its workers if it could not lower wage costs, the workers were handed the choice between lower wages and no wages at all.

It was impossible for the GM workers to prevent these concessions. Their union bosses have accepted lower wage rates to keep the company from going under, using the racist rationale that workers in other countries can subsist on lower wages.

It is indeed true that if a company like GM cannot lower its costs and prices enough to compete with its rivals, it will be forced out of business. But there is an alternative to sellout, class-collaborationist unionism. Only an international communist party, with an anti-racist outlook and a base among workers world-wide, can play a true leadership role.

Clearly, this role cannot be confined to simply demanding equality of wages and hours internationally, which would put the company out of business. Capitalism's inherent competition forces the working class to respond with a communist-led fight to end capitalism altogether. Racist ideas among the working class stand in the way of this international outlook and help preserve capitalism, with all of its inequalities and instability.

The role of racism in war

Racism is also a lynchpin in the capitalists' attempts to win support for their military assaults on workers and competing capitalists elsewhere in the world. From the World War II battles against the Japanese ruling class, through the war in Korea in the '50s and in Vietnam in the '60s and '70s, to the more recent U.S. invasions of Grenada, Panama, Iraq, and Haiti, racist images of the people under attack pervaded the media.

In the early years of the Vietnam war, for example, despite TV and newspaper images of children aflame with napalm, racism checked the U.S. working class from ripping the throats out of the murderous capitalists.

When George Bush ordered the 1991 bombing of Iraq, which killed 300,000 men, women, and children, the U.S. working class again failed to oppose it, because to a large degree workers had bought the relentless capitalist campaign painting all Arabs as mindless bombers—people who would as soon kill you as look at you.

With the slaying of hundreds of thousands in Rwanda and Bosnia, once again it is racism that keeps the U.S. working class rising against it.

This must and *will* change! With each failure to act, the noose tightens around our throats. The PLP won't allow the working class to sit by and watch genocidal attacks by the capitalists as though they were a spectator sport.

How was the German working class rewarded for allowing (and even helping) the Nazis to kill scores of millions of Eastern Europeans and Soviets on the battlefields and in the death camps of World War II? With 9 million German working-class soldiers dead and several large cities in ruins. The reward to the Japanese working class for supporting the rape and pillage of most of Asia by the Emperor's imperial troops? Millions of battle deaths; one city destroyed by firebombs; two others leveled by atom bombs.

If the international working class allows our respective ruling classes to drive us into a third world war, it will make World War II look like a tea party, because almost every ruling class now possesses nuclear weapons. Only the resolve to fight racism and to join and build the PLP can blunt this monumental destruction (though it is unlikely that we can prevent it entirely), by finally destroying its source: capitalism.

What are the faces of racism in the U.S. today?

The main arenas of U.S. racism today are in Workfare, crime, prison labor, and anti-immigrant terror.

By falsely implying that virtually all people receiving welfare are black or Latin immigrants, the capitalists undermine the resistance against ending welfare payments and forcing recipients to work at below the legal minimum wage—or starve to death. In fact, the largest single section of welfare recipients are white workers, since white people constitute a much larger segment of the U.S. population. The white welfare recipients suffer right along with black and Latin recipients. But their plight is kept from the public eye by those accomplished liars, the journalists and politicians.

Racism gives cover to the reign of police terror that is called a "war on crime." The police murders of black and Latin youth, almost daily occurrences, are portrayed as protecting all workers—black, Latin, and white. They thereby gain a measure of support from the very victims of the terror.

The outrageously unequal treatment of black and Latin workers by the criminal "justice" system is illustrated by the following examples:

> Two-thirds of all black and Latin men in California are arrested at least once between the ages of 18 and 30.

> Black people are arrested simply for using (*not* selling) drugs at five times the rate of white people. This racist police work is sanctioned by the "war on drugs," though the rates of drug use among black and white people are approximately equal. (In some categories, such as pregnant women, usage is even greater among whites.)
>
> For those black people who are arrested, sentencing laws for minor drug crimes are much harsher, with the penalty for crack use (primarily pushed in the black communities) up to 100 times more severe than for powder cocaine (primarily pushed in the white communities).
>
> With arrest and charge rates for black people 13 times that of white people in San Francisco and 17 times as high in Los Angeles, California passed a three-strike law to make the third sentence for any offense, no matter how petty, life imprisonment.
>
> One of every four black men between the ages of 18 and 34 is now either in jail, on parole, or on probation. In many cities, the rate is one of every three.

The net result is a U.S. prison population of nearly 1.5 million, more than double that of 1980. Black people are imprisoned at a rate six times that of white people—and five times that of black South Africans, even under Apartheid! In the "Land of the Free," where slavery was officially made "illegal" more than 130 years ago, this wholesale imprisonment creates a potential slave labor force.

Anti-immigrant terror is also an attack on all workers, even if it doesn't appear so at first glance. Firstly, it's imperialist exploitation abroad that drives workers to emigrate. Then the capitalists label workers who cross from the super-exploited countries into the dominant imperialist countries as "illegal." In the process, they lump together workers who are victims of imperialism, and seek nothing more than to keep themselves and their families alive, with murderers, rapists, drug king-pins, and all other sorts of parasites.

Who are the real criminals—the innocent workers, or the corps of press and politicians who label them?

A class of undocumented workers within the various capitalist borders has been created in all major capitalist countries--from Latin American workers in the U.S., to Turkish workers in Germany, to North African workers in France and Spain. By turning these immigrants into objects of hatred, and by segregating them from large sections of the native working class, the capitalists shield themselves from the united wrath of the workers. They give themselves space to super-exploit immigrant workers in the fields and sweatshops, even as they use them to drag down the wages of all workers. Brutal immigration raids, mass deportations, and the militarization of the Mexican-U.S. border keep immigrant workers in a constant state of terror, willing to accept the lowest wages and most atrocious conditions.

How can we put an end to racism?

Marx called racism the "Achilles heel" (the most vulnerable point) of capitalism. As capitalism creates its own grave-diggers by forging a working class, racism creates a more oppressed and potentially more militant sector of that working class—one that can have a key strategic role in leading our whole class.

Black workers, given their concentration in basic industry and in the military, and their more intense experience with oppression, are a key to revolution. The current crisis, like every U.S. crisis, hits black workers hardest, with factories closing and black industrial workers losing their jobs. (A large number are even beginning to return to the South.) The Midwest ratio of black to white median family income fell from 73% in 1970 to 51% in 1993. Although the official data for 1992 showed 7% of white men and 15% of black men unemployed, the real unemployment rates (including prisoners) were far grimmer: 29% of white men, 39% of black men.

Black workers have long been central to the leadership of the struggles of the working class. They took the lead in the ghetto rebellions of the 1960s, in the 1967 Newport News Shipyard strike and the auto wildcats in 1968, in the 1970 postal workers' strike. Their hatred of racism can translate into a hatred of the system that creates racism.

Their natural class hatred can lead black workers to become a leading revolutionary force.

While black Americans constitute just over 12% of the population of the U.S. as a whole, they are 33% of the U.S. Army. In the U.S. today, black workers are being given the opportunity to die in greater numbers to defend the profits of the same bosses who have enslaved, jailed, murdered, and fired more black workers than any other ruling class in history.

Many soldiers have been the victims of police terror and racism in general. They are winnable to turning the guns on the racist war-makers! Many of these black and Latin workers and soldiers, all too familiar with the boot of the racists, are potential communists. Their hatred of the capitalist system makes them *more* open to becoming communist leaders of the whole working class.

So racism serves two purposes for the ruling class: first to maintain its political power, including its ability to go to war, and second to give these bosses the ability to make super-profits.

As a PLP song puts it, racist ideology is a dagger thrust deep into the heart of the working class. That is why PLP has always made the fight against racism a primary focus of absolutely every struggle in which we are involved. We will pull that dagger out of the heart of the working class and turn it on the capitalists. But the bottom line is that militant anti-racism within capitalism is not enough. Just as you cannot stop weeds from growing back by simply cutting them off at ground level, racism cannot possibly die until capitalism itself is pulled up by the roots.

Nationalism

Because the existence of racism, if not its underlying causes and mechanisms, is immediately apparent to its most direct victims, the capitalists need to generate a shield for themselves against the wrath of black, Latin, and Native American workers. As a safety valve, they foster a nationalist reaction among the oppressed.

Nationalism is a term used in two senses. In the literal sense, it is an idea which is intended to bind workers of one nation to the capitalists of the same nation, by holding that "my" nation (or group) is all that counts, or is superior to all others. It has repeatedly served the capitalists' need to win working class support to go to war against other capitalists (and kills their workers), in order to increase their holdings at the expense of their competitors.

In its other form, nationalism is intended to bind workers of an ethnic or cultural group to the capitalist representatives of that same ethnic group. When the capitalists found that their nationalism was being mimicked by various leaders of sections of the working class, they found it expedient to fund these nationalist leaders, a down-payment to sustain segregation and sow distrust and hostility among different ethnic groups. The Nation of Islam, La Raza, the American Indian Movement—these nationalist organizations are happily funded by the rulers in exchange for blinding their members to their class interests, and diverting them into alliances with the capitalist segments of their respective ethnic groups.

In trying to carve out their own piece of the profit pie, small capitalists from the various ethnic groups do the dirty work of the dominant capitalists. They spin fables on the need for each ethnic group to reject alliances and unity with workers of the other groups.

Meanwhile, the dominant capitalists cover their sponsorship of these nationalist movements by parading a movement to celebrate "diversity" and "multi-culturalism." Diversity, while pretending to bring everyone

together in a show of respect for various cultures, is nothing but a sugar-coated form of segregation and nationalism. Multi-culturalism magnifies differences, buries likenesses, and ties the workers of each ethnic group to the interests of the dominant capitalist class.

By encouraging workers to identify with members of their separate ethnic groupings, nationalism enables this hoax to succeed. And a hoax it is, no more and no less. After all, how does it improve my situation that another person with approximately my skin color is appointed to Clinton's cabinet, or elected mayor, or promoted to four-star general?

Stripped of its public relations, nationalism works hand in glove with racism. Both serve to divide and weaken the working class. In fact, nationalism is a deadly error. Time after time, it has misled workers by the millions into lethal traps. One recent example is the African National Congress in South Africa, under the leadership of Nelson Mandela. Millions of black South Africans looked to the ANC to deliver them from Apartheid and exploitation, adopting the nationalist concept that black leadership was tantamount to freedom. The result? While the outward trappings of Apartheid were dismantled, South Africa remains under capitalist rule, with Mandela soliciting investments by various imperialists around the world. And the black working class remains super-exploited, only now under a black president.

Similarly, in Haiti, the support of the black working class for President Aristide is a completely misguided attempt to free the Haitian working class from super-exploitation and oppression.

The point is that nationalism kills. All capitalist ideology in the minds of the working class kills. Only communism can liberate the working class anywhere in the world.

(The history and workings of racism and nationalism are described in detail in the PLP pamphlet, *Smash Racism with Communist Revolution*.)

Sexism

There are several terms for the set of ideas called sexism, including "male chauvinism," and "special oppression of women." As none of them tells the whole story, and as none of them is free of some misleading aspects, we choose to use the term "sexism" and explain what we mean.

Sexism, in a similar fashion to racism, drives a wedge between workers, in this case dividing men from women. While discrimination against women is far older than capitalism, it has been adapted as a weapon by the capitalist class.

The degradation of women and the labor they perform goes to justify their super-exploitation. Class consciousness is erased by an endless stream of movies, songs, and novels that enforce stereotyped behavior and create antagonisms between the genders where none would otherwise exist.

Sexism also differs from racism in some important respects. For one thing, it would be extremely difficult, if not impossible, for the capitalists to institute segregation of the genders. Second, while women are often the special target of invading armies, sexism does not so easily lend itself to stereotyping and splitting the workers in order to win the support of a part of the working class of the invading country.

Nevertheless, the oppression of women throughout the world often exceeds the most brutal fantasies of Hollywood filmmakers. The mutilation of genitalia, the selling into teenage and pre-teen prostitution, the denial of the most basic forms of human dignity—even down to the ability to show one's face in public—are merely the most extreme illustrations of the lot of women everywhere. All these are justified by the claim that women are biologically inferior to men, and in turn further justify the assignment to women of greater labor for smaller wages, or, in the home, for no wages.

In the 19th century, the more blatantly unfair aspects of sexist discrimination, such as denial of the right to vote or to enter the professions, gave rise to the ideology of feminism, primarily among professional women. Just as nationalism was adapted as a reaction to racism, the ideology of feminism arose as a reaction against sexism. But just as nationalism binds workers of one subgroup to the capitalists of the same group, feminism serves the same function for the capitalists. That's why the likes of Hillary Clinton and Tipper Gore pretend to be the saviors of even the most oppressed women everywhere.

But neither nationalism nor feminism identifies the root cause of racism and sexism: the capitalist drive for profit, and the need of the capitalists to maintain political power over the working class. These movements therefore seek solutions within capitalism. Working class men who fall for and practice sexism, whether they realize it or not, do the capitalists' dirty work. But militant women—who may honestly desire full equality for their gender—also help capitalism divide the working class if they enroll in organized feminism instead of joining communism.

Individualism (selfishness) and the myth of freedom

The concept of individualism, or selfishness, arose naturally out of the competition among capitalists. The capitalists had merely to adapt individualism as a device to further divide the working class against itself.

Individualism promotes the notion that we are each personally responsible for our fate and that we can all "make something of ourselves" (become rich capitalists, that is) if only we work hard enough and put our selfish needs ahead of those of the rest of the working class. For capitalists, who thrive on beating out the competition, this concept serves as their evening prayer.

For workers, on the other hand, individualism is a false consciousness with devastating effects. Far from being free and independent individuals, workers under capitalism are wage slaves. "Looking out for number one" keeps the whole class down.

Anti-communism

Absolutely crucial for the capitalists is the ideology of anti-communism. Since the ruling class has difficulty convincing the vast majority of the world's working class that capitalism serves our needs, they tell the workers, "If you think capitalism is bad for you, you haven't seen bad till you see communism." It is therefore vital for workers to understand just what went wrong in the Soviet Union and China, and, even more important, what went right. (This will be covered in Section VIII.)

Racism, sexism, nationalism, feminism, individualism, and anti-communism are all ideologies designed to divide workers from each other, and to tie workers to a particular segment of the capitalist class. At the same time, they are designed to convince the working class that capitalism's main features--the profit motive and competition--are actually good for us, as well as for them.

Capitalists sing the praises of the profit motive and competition, but what are their real consequences?

Capitalists like to tell us that the profit motive guarantees the production of what people want and need, and that it does so in the most efficient manner possible. But *the exact opposite is true*. Want and need don't drive the market; only money can do that. Consider the effects of the present crisis. The *Wall Street Journal* (March 9, 1989) described overproduction in the U.S. market in the following industries: auto, steel, computers, semi-conductors, heavy equipment, farm equipment, textiles and oil. It also listed others that were close to overproduction. Hundreds of thousands of U.S. workers were laid off as a result.

Meanwhile, in Africa alone, close to 20 million people faced starvation in 1989. So it wasn't true that too much farm equipment was being produced. It was simply that more equipment was produced than could be

sold at a profit. Overproduction coupled with mass starvation is a hallmark of capitalism, and a direct consequence of the profit motive and competition.

The profit motive does not automatically result in the production of the things that people need. For example, working people today have a desperate need for good, reasonably priced medical care and decent low-cost housing. But the profits to be made in the production or supply of these things are too low for modern capitalist investors. Consequently, they are not produced or supplied at anywhere near sufficient levels.

Only those things which produce sufficient profit for the capitalists are produced under capitalism. The profit motive guarantees only that a few people will hold all the wealth that the masses produce, and that they will do anything to keep things as they are.

As different national groups of bosses struggle to escape a crisis, they start "local" wars to determine which segments of the ruling class will control certain markets and sources of labor and raw materials. To get workers to fight these wars for them, the capitalists promote a surge of nationalism and racism. Any of the "local" wars could spark another world war, which will ultimately be necessary to decide which imperialist power will emerge as top dog.

War, nationalism, racism, sexism, exploitation, and poverty are the only things guaranteed by the profit motive--in the short and long run!

Capitalists also like to tell us that competition is healthy, from the economy to the playing fields. Local wars, robbery, assault, and murder are the everyday results of capitalist competition. All of these take both legal and illegal forms, but the more destructive by far are the legal forms: the 300,000 Iraqis killed by U.S. bombs and bullets in 1991; the jailing of hundreds of thousands of unemployed, mainly black and Latin workers; the tens of thousands of daily deaths from poverty, racism, and malnutrition.

Again, all of these are legal—including the continual robbery of the working class through the private appropriation of surplus value!

Capitalists enlist the working class to fight their battles for them. The result is millions upon millions of deaths and mutilations, with no lives left untouched. Such are the benefits of competition.

If the state, and other institutions, are controlled by the capitalists and constitute their main weapons against the workers in the class struggle; if control over these institutions enables the capitalists to gain ideological control through racism and sexism, nationalism and feminism, individualism and anti-communism, then what weapons do the workers have against this apparently overwhelming power?

We have our collective strength and overwhelming numbers, our key role in production, and, above all, the Progressive Labor Party to organize the working class into a conscious force to overthrow capitalism and the state. Marx correctly said, "When an idea grips the masses, it becomes a material force." It's the job of communists in the PLP to win the working class to defeat capitalist ideology, and to expose the system's inner workings. In the process, we will forge a revolutionary class unity among the workers. Our understanding of exploitation, surplus value, and the slavery of the wage system are key tools in that struggle. (More on this in Section VIII on Communism.)

SECTION V

CAPITALIST ECONOMIC CRISIS: THE ILLUSION OF ACCIDENT, THE REALITY OF INEVITABILITY

> *The highest development of productive power together with the greatest expansion of existing wealth will coincide with depreciation of capital, degradation of the*

laborer, and a most strained exhaustion of his vital powers. These contradictions lead to explosions, cataclysms, crises, in which by momentous suspension of labor and annihilation of a great portion of capital the latter is violently reduced to the point where it can go on.....Yet these regularly recurring catastrophes lead to their repetition on a higher scale, and finally its violent overthrow.

--Karl Marx, *Grundrisse*

The Crisis lays bare all the contradictions of capitalism, sharpening class contradictions . . . [and] compels workers who were indifferent to capitalism to become active in the struggle against it.

--Lenin

Since the 1970s, the economy of the world as a whole has been mired in a deep economic crisis, a general crisis of capitalism, which continues to generate agonies for the international working class. Besides an explosion of wars, like the oil war in Chechnya or the wars in the former Yugoslavia, there is mass starvation, homelessness and unemployment. Over one billion workers around the world are either jobless or underemployed.

There has also been a vicious upsurge in the exploitation of workers. In 1992, the International Labor Organization reported: "In Asia child labor reaches up to 11% of the total labor force in some countries. In India figures are estimated at 40 million." This hyper-intense exploitation takes various forms. By moving factories to poor nations, the big multinationals temporarily keep profits up—on the backs of the world's poorest workers. Meanwhile, in the United States, within a week of laying off 74,000 auto workers, GM moved to nonstop assembly with three shifts operating around the clock.

Poverty, starvation, and even outright slavery haunt growing armies of workers, but the rich get richer and richer. Between 1993 and 1994, the 13 richest billionaires in Mexico increased their wealth by 40%, and 11 new billionaires were created. Meanwhile, the buying power of the workers (some 80 million of them) was cut in half, with many farmers teetering on the brink of destruction.

Capitalism Breeds Overproduction

Capitalism and crisis are inseparable, because desperate competition among capitalists naturally leads to overproduction, and overproduction is the heart of every capitalist crisis.

For capitalist commodity production, the conversion of the product into money (the sale) is an absolute condition of production. Without the sale, no profit can be realized. If, for any reason, there is no sale, the system is thrown into a crisis of overproduction—even though people may still be starving.

Systems of credit associated with commodity production frequently result in delays of payment, which complicate the problem even further. All in all, capitalist commodity production creates the conditions that make crises of overproduction inevitable.

When a crisis occurs, the capitalist market place suddenly reveals that capitalist individuals and groupings have produced more commodities than can be profitably sold under market conditions. The result is a glut of unsold commodities.

In a crisis of overproduction, the entire system jams up. The stock market may collapse. Factories are shut down. Masses of workers are laid off. Production drops dramatically. Unsold products pile up.

In many cases, the goods needed by the working class are not necessarily the ones being overproduced. But

even when the overproduced goods *are* ones which the workers need, the goods cannot be sold because of the poverty of the working class. In capitalism, overproduction is only "over" relative to what we can afford—not relative to what we need.

Under communism, overproduction would occur only if something were produced in greater quantity than was **needed** by the world's working class. Once it became clear that any particular item was being overproduced, production of that item could be cut back, with productive forces shifted to something that was underproduced.

Under capitalism, a crisis of overproduction has different effects on the capitalist class and the working class. To the bosses, crisis primarily means falling profits and gigantic losses of capital and power as plants must be closed. To workers, crisis means unemployment, starvation, and general misery—an immeasurable sharpening of the everyday misery that capitalism spells for the vast majority of the world's working class.

If the problems of capitalism could be eliminated through reformist changes that "fix" capitalism and "make it work better," then workers might not need a revolution to win decent lives for themselves and their families.

But once we understand that capitalist crises and exploitation are in the *nature* of capitalism, and so cannot be reformed away, our path becomes clear. Once we realize that capitalism will not fall of its own weight, even when in crisis, we see that revolutionary change is the *only* way to put an end to this system. Our understanding of capitalist surplus value and overproduction therefore stands at the center of our line of *"Revolution, not reform."* In fact, the ability of Marxist Political Economy to reveal the nature of capitalist crisis has been perhaps its crowning achievement.

The dynamics of overproduction

When a number of companies drive hard to increase market share, the result is massive overproduction. The weaker companies go bankrupt and massive layoffs result.

When similar scenarios are repeated in industry after industry, unemployment grows, and markets shrink even further. One industry affects another, and workers, on drastically dwindling budgets, are no longer able to buy goods as before. For example, workers can no longer afford airline tickets, so airlines order fewer planes and engines. And so a vicious cycle begins, until the crisis of overproduction is in full swing.

Crises are marked by several features:

> **Concentration** of capital: In a typical example, only a few companies survive the crisis. Furthermore, as borrowing takes place in industry after industry to install automation, banks become more central to the economy. The richest get richer. One capitalist kills many capitalists.
>
> **Mass unemployment:** As the crisis sharpens, workers cease to be a resource (the source of future profits) and become a threat. Capitalist society now imprisons rather than educates workers, expels rather than attracts immigrants, evicts rather than provides affordable housing, lets people die rather than treat them. The working class gets poorer. But their understanding that the capitalist system must be smashed begins to grow. A revolutionary PLP can go on the attack. Capitalism becomes more vulnerable.
>
> **Destruction of productive forces:** Capitalism in crisis also destroys excess plant and machinery, first by economic means (closing down plants), then by war.

Increased exploitation: The huge growth in the numbers of the unemployed is used as a direct threat to the employed. Work faster, longer and harder, or be gone! Under capitalism, workers are things to be used. It will take communist revolution for us to become *people* whose needs must be met.

Sharpening inter-imperialist competition: Consider the U.S. aircraft industry. Clinton traveled to Seattle and told Boeing workers that Airbus was unfairly subsidized by European governments. U.S. workers were encouraged to blame European workers, and vice versa, for the capitalist crisis of overproduction. This underlines the urgency of building a revolutionary party under the PLP slogan of "One class, one flag, one Party!"

6. Idle capital: A shrinking market means fewer opportunities for profitable investments in industry. A growing army of investors then turns to speculation in real estate, foreign exchange rates, the bond market, derivatives, and other investments that do not lead to production. These nonproductive investments turn the stock market into a giant gambling casino, dangerously escalating economic instability.

7. World war: As the accumulation of capital through exploitation falters, the capitalists are forced to make gains through primitive accumulation in war—or be wiped out.

The falling rate of profit

In Volume III of *Capital*, Marx demonstrated that as capitalism matures, its rate of profit inevitably decreases. The rate of profit is how much profit the capitalists get per "buck invested." The decline was well known to bourgeois economists, who had observed it for years but failed to understand its cause. Table 4.2 illustrates the average decline of the rate of profit in the United States.

TABLE 4.2: Rate of Profit in Manufacturing (U.S.)

1899	24%
1904	19.9%
1909	18.7%
1914	16.5%

The Marxist labor theory of value (discussed in Section II) solves the mystery. The bosses' profits come out of the surplus value created by workers in the course of their labor. Only labor adds surplus value. But as capitalism matures, a growing proportion of investment is devoted to the purchase of machinery: bigger and more complex lathes and presses, computers, even robots. The short-term gain of automation (smaller outlays per product in wages) for one company leads to a long-term decline in the rate of profit for all companies, as more and more capital has to be laid out for each productive worker who is put into action. Capitalist competition, meanwhile, makes it impossible to reverse the process of automation; maturing capitalism is doomed to a constantly falling rate of profit. More and more jobs are shifted to "service" industries, which do not add to the profits of the system as a whole.

The problem for the capitalists is that in order to produce a commodity today, they have to buy more and more machinery and raw materials relative to living labor power than they did previously. But the machinery

and raw materials, which are dead labor time do not produce profit for them; only living labor time can do that.

Of course, the machinery and raw materials produce profits for those capitalists whose factories, farms, and mines make the machinery and raw materials, and whose workers put living labor time into them. But on average, as a net result, it now costs the entire capitalist class more to make the same amount of profit than it did 10 or 20 or 50 years ago. For each dollar spent in capital, they make less profit. This is the falling rate of profit.

So why do capitalists automate if the net result is to decrease their profit rate? The answer lies in *competition*, an essential element of the anarchy of capitalist production. Competition reflects the lack of an overall plan for the economy. When the first company in a particular industry (say, auto) invests in a new automation process, it gets the jump on its competitors. For a time it can make cars at a lower cost (with less living labor) while matching its competitors' price, or charging a little less.

But the end result of this cycle of automation is that *all* of the auto companies will make a lower rate of profit than they did before the automation began. The reason? Living labor time, the companies' only source of profit, is now a smaller proportion of the total labor time in the car. This is the essence of the falling rate of profit.

Since capitalism naturally shifts investments from industries with lower profit rates to others with higher profit rates, eventually all industries gravitate toward the same average profit rate throughout the capitalist economy—a rate in steady decline.

To the extent that trade and investment barriers are knocked down, worldwide competition also produces a common average profit rate over time. This is the goal of the free trade agreements the U.S. government is seeking on behalf of U.S. capitalists. They want access to lower-wage areas of the world, where the rate of profit has not yet sunk as low as it has in the U.S.

Unfortunately for the capitalists, freer trade can only temporarily reverse the overall decline in their profit rate. Lower wages abroad bring higher profits—at first. But this globalization costs jobs and sparks revolutionary development among U.S. workers. At the same time, it creates a new industrial working class to foster revolution abroad. Globalization looks good in today's company report, but it is a gravedigger for capitalism—*if* communists take advantage of its possibilities.

The present crisis

Below is an excerpt from *The Economist* (May 10, 1998), a British business magazine. It concerns the leading industry in today's world, the auto industry, which accounts for 13% of the average Gross Domestic Product in the auto-producing nations, China and Russia excluded.

THE COMING CAR CRASH

Global Pile-up

The world's biggest manufacturing industry is in a panic about over-capacity. So it should be.

Of the top 50 manufacturers, no fewer than 13 are motor companies, employing 2.5m people. Three times as many are employed in garages and in the industries that supply the car assemblers with parts.

Bumper to bumper

> If all the car firms in the world ran flat out [full production], they could produce 68m cars a year (including other light vehicles such as pick ups and sports utility vehicles). In 1996, they actually made 50m--73% of capacity.
>
> Old-fashioned unrealistic expectations have also played a role. With markets stagnant in Europe and Japan and growing slowly in America, car makers have been expanding capacity in emerging markets faster than those markets can bear. The Asia-Pacific region is a good example. Already the world's biggest producer of cars, making half a million more than North America's 15m last year, it is seeing new plants being built that will add 6m cars a year in the next five years. Autofacts, an American consultancy firm, reckons that capacity in the region (including Japan) will soon outstrip sales by 9m vehicles.
>
> Expectations can become unrealistic because companies tend to double their bets when things get tough.....Firms are reluctant to be the first to close a factory lest it should lead to lower market share, or the first to forgo an investment in a growing market....
>
> The tendency of car firms to think the problems are everyone else's fault is likely to mean that things will get worse before they get better.....By 2000, overcapacity will have risen from 18m to 22m units--equivalent to 80 of the world's 630 car assembly factories standing idle. Looked at another way every factory in North America could close--and there would still be excess capacity.....

First, we should understand the scale of this imminent destruction. It is doubtful that World War II, with all of its bombing, destroyed more than 40 auto plants. Yet the projections here are for 80 plants to be effectively wiped out in the next three years. This doesn't count the dozens that have already been eliminated.

Overproduction or underconsumption?

There are those who propose that the primary cause of economic crises is that the working class is kept too poor to consume the goods that they produce. According to this outlook, the solution would be for the capitalists to raise the wages of the working class. Then workers could buy back all the consumer goods that they produce; production could then maintain itself at its previous levels and possibly resume its rise; capitalists could buy more machinery and other means of production; and both capitalists and workers would benefit.

A variation on this theme is that since the capitalists will not do this voluntarily, trade unions must enable workers to force the capitalists to do it. The capitalists would still benefit, even if against their will.

This is the essence of a variety of theories of underconsumption. Their essential conclusion is that, if properly managed, capitalism can work for both capitalists and the working class. It needs only to be reformed, even if the government has to force the capitalists to do something against their will.

These theories have several gaping holes. For starters, capitalists *control* the government, and so prevent it from forcing them to do things against their will. But the essential flaw in the theories of underconsumption is that they put forward a one-sided solution of the problem, one that fails to take into account either the main cause of the economic crises or the consequences of their proposed solution.

Underconsumption is certainly an aspect of overproduction. Indeed, in the immediate sense, it is just a different way of saying the same thing. If one thing is larger (production) than another (consumption), it

follows that the second is smaller than the first. Overproduction and underconsumption are two sides of the same coin.

But now let's examine the contradiction that the underconsumptionists fail to consider. As we have seen, capitalist economic crises are caused by overproduction—relative not to the needs of the working class, but to workers' ability to buy the whole of consumer goods production. Overproduction, in turn, is the result of capitalist competition—the unplanned and unstable anarchy of capitalist production for profit, as each company strives for a bigger market share than its worldwide competitors in order to survive.

Each time a company strives for more market share, it must assume that its competitors will end up with less. But they all make that same assumption, and so too much is produced for profitability. Some of them must go bust.

If a lot of this busting happens in a given short time—it's a crash! Jobs disappear. To distribute all of its products, the capitalists would then have to give much of them away free to the unemployed and underpaid portions of the working class. *But this is precisely what the goal of profit prevents!*

In the face of a crisis of overproduction, there is only one step the capitalists can take to try to maintain their profit, or at least slow its decline. If they cannot increase, or even maintain their sales, they must cut their expenses. This is, in fact, exactly what they do—by cutting back production and laying off more workers. They keep cutting expenses until their excess, stockpiled inventory is either slowly consumed or until it is destroyed, typically through war.

The capitalists have no choice but to cut back production under these circumstances. Maintaining profits is not merely the goal of capitalist production; it is a life-and-death necessity for them.

So it's not that a smaller portion of the working class cannot produce for the needs of the entire working class. It's that capitalists cannot distribute this amount of product to the entire working class *without violating their profit needs*. Profit, with its falling rate, is one of two big demons in capitalism. (The anarchy of production, where each capitalist sees the market as expandable, and therefore causes overproduction, is the other.) In the long term, only an exorcism will suffice—but then, by definition, the result will cease to be capitalism.

In a communist society, on the other hand, the entire production of a smaller portion of the working class *could* be distributed (free) to the entire working class. Under communism, the goal of production is precisely that: satisfying the needs of the entire working class.

The underconsumptionist solution to save the working class under capitalism is one-sided and doomed to failure. To repeat, the capitalists can never provide enough wages to enable the entire working class to buy what they produce. Full consumption would require that the capitalists give up their yardstick of pursuing profit—which is exactly what makes the system work at all.

Communism alone, by eliminating profit and the capitalist class, can resolve this conflict for the working class. No reform scheme can save the working class at the same time as it saves the capitalists.

For communist organizers, this overview of the crisis of overproduction raises a key question concerning revolution and reform. Let us suppose that we have one comrade working in Daihatsu in Asia, a second one in Volkswagen in Europe, and a third at GM in the North America. For all three comrades, forced overtime and constant speed-ups are linked to relatively high wages. But anxiety is high, too, with frequent rumors about plant closings.

Suddenly, layoffs are announced. Co-workers propose to fight against them with a ban on overtime. Our comrades agree, but insist on the slogans, " No layoffs! To hell with capitalism and its instability, fascism,

and wars! Workers of the World, Unite! Fight for Communism!" Our friends argue, why not make it simple? Why not just say, "Fight for Jobs"?

But "Fight for Jobs" is too narrow a slogan. In fact, we argue, it could wind up pitting workers of one country against those of another, a prescription for nationalism. When we stop at saying "Fight for Jobs," we are actually tying ourselves to "our" bosses.

Given the worldwide crisis of overproduction described in the Economist*, the international working class needs a broader outlook. Volkswagen plans to survive the imminent destruction of 80 auto plants, as do GM and Daihatsu. But survive at whose expense? The "Fight for Jobs" slogan sidesteps one of the main contradictions of capitalism itself: the crisis of overproduction. Under capitalism, a successful fight to keep* my *job will throw someone else out of work. In a capitalist crisis, the world* total *of jobs must go down.*

Clearly, we cannot build a revolutionary communist party by sidestepping these main contradictions. Crisis and war are inevitable under capitalism. At the same time, they provide the best opportunity for a successful communist revolution.

In the past, we have made the mistake of using local issues at work to demonstrate the need for communist revolution. Our study of the crisis of overproduction shows us that we need to operate in exactly the opposite way. We must consistently expose the main contradictions of capitalism by organizing against their every manifestation, and by showing the workers' need for a mass Party. Only then can we hope to achieve our goal--to guide the working class through these challenging times and lead a communist revolution!

SECTION VI

IMPERIALISM, CRISIS, AND WORLD WAR: THE ILLUSION OF A BYGONE ERA, THE REALITY OF THE WORLD TODAY

> *The issue of the coming war will never be put to the "free" electors of this country. . . . War is prepared in secret on top, and, when the moment comes, will be let loose without warning. The last general election before the World War of 1914 was the general election of 1910. What was the issue of that election? The nominal issue was "the Lords versus the People." The reality behind that screen was the coming war. All the inner councils of the ruling class knew since 1905 that it was approaching, and were preparing for it to the last detail, as their records and memoirs have since shown.*
>
> *--British Communist Party pamphlet of 1929, warning of World War II*

Imperialism is a necessary stage in capitalism's development

In this section, we will define imperialism, explain its laws of motion, and show how imperialist war became inevitable once capitalism engulfed the entire earth.

Capitalists try to obscure the essential imperialist nature of their system by asserting that modern wars are caused by anything other than their drive for profits. They blame wars on everything from religion to human nature to insane foreign dictators.

But the truth is that the capitalists' drive for ever-expanding profit lurks behind every twist and turn of capitalist foreign policy. In the modern era all capitalist nations are necessarily imperialist. Expand or die, once the motto for individual capitalist enterprises, is now the necessity for entire nations of capitalists.

In the era of imperialism, capitalists must start wars (using workers as cannon fodder) to preserve and expand

their profits; they are driven to secure control of raw materials, markets, and cheaper labor power, and to annihilate their foreign competitors. Today's inter-imperialist struggle over control of Middle East oil supplies, along with other arenas of conflict, are all leading rapidly toward another world war among the capitalist powers.

Imperialism and the capitalist laws of motion

Again, to summarize three of capitalism's four laws of motion, as defined by Marx:

1. an insatiable drive to accumulate ever-larger sums of capital—*expand or die*—leading to anarchy of production, with each capitalist treating the market as expandable;
2. periodic economic crises, caused by a falling rate of profit (continual) and overproduction (cyclical);
3. deepening misery (and potential militancy)for the world's working class, as capitalists strive for ever higher profits.

The fourth law of motion, an outgrowth of the other three, is:

4. a growing concentration and centralization of capital within each nation.

This centralized control of capital in the various imperialist countries gives rise to more titanic clashes of competing national interests. At the same time, the centralized control of state power grants the dominant sections of each national ruling class the flexibility to go to war whenever their interests dictate.

A crisis of overproduction only eases when weaker and smaller capitalists are forced out of business, allowing the larger capitalists to inherit the entire market. This enables the larger capitalists, with a smaller number of competitors, to begin another round of expansion of production, rehiring some of the previously laid-off workers in the process. As the dust from the previous crisis settles, the main portion of capital is now held in larger, more concentrated chunks, by fewer capitalists. The biggest firms can benefit from crises!

The U.S. economy today consists of 2 million corporations, but they are hardly created equal. The bottom 56% control a mere 0.4% of the assets, while the top 0.2%, about 5,000 companies, control 82% of the assets, some $13 trillion.

This concentration is centered more and more in the hands of banks. The bankers become the most powerful capitalists, with the industrialists increasingly dependent on the bankers for capital.

In the mid-20th century, local banks were swallowed up by the J.P. Morgan and Rockefeller banks. In the late 20th century, further consolidation has given rise to huge, centralized organizations like NationsBank and Citibank.

Despite continued struggle among industrial and banking capitalists, and between different groups of bank capitalists as they jockey for internal power within the U.S. ruling class, the bank-industrial connection has created a financial oligarchy. This tiny section of the capitalist class, smaller by far than the 5,000 major companies mentioned above, has unified industrial and banking capital under its control. It is also capable of directing government policy as a result of its enormous financial power.

Concentration on a world scale and its toll on the working class

A look at the imperialist world as a whole today gives us a similar picture of concentration. Only 25 countries account for 80% of the manufactured goods in the world, and 70% of world trade. Such concentration of wealth brings economic privation on a similarly grand scale as well. According to a World Bank study in the 1980s, the world had become twenty times more unequal than it was a century earlier, at the height of British

imperialism. The extremes of wealth and poverty have expanded tremendously.

In the first place, these extremes exist between the major imperialist nations and the so-called lesser-developed countries, or "Third World." (There is no good term for these countries, though "super-exploited countries" might be a more accurate one.) In the second place, these extremes exist within both the major imperialist nations and within the super-exploited countries. In the latter group, small local ruling classes serve as the handsomely rewarded slave masters for the dominant imperialists.

The effect of imperialism upon the workers of these countries has been cruel in the extreme, if not genocidal. In the 19th century, for example, British imperialists cut off the hands of thousands of Indian handloom weavers to prevent them from competing with British-made textiles in their home market.

In this century, the imperialists use "aid" programs as a cover to dominate the super-exploited countries as extensions of their own economies. Roads and railways are built, linking oil fields, mines, and processing plants to ports, so that raw materials can be transported back to the major imperialist industries. Whole agricultural economies are organized to meet the imperialists' own raw material needs. In the process, more diversified native industry and balanced agriculture are destroyed, leaving famine and starvation in their wake.

During the 1960s, 530 million people lived in countries where living standards, while still vastly inferior to those in industrialized countries, were nevertheless gradually closing the gap. Another 60 million lived where the standard of living was falling absolutely.

By the 1980s, the number living in countries making progress had fallen to 167 million, while those living in absolute decline had skyrocketed to 774 million. In Latin America, UN specialists note that 46 million—more than 10% of Latin America's population—are homeless. Another 85 million live in housing that is so bad by any standard that it should be demolished, while 100 million more live in housing that lacks water, electricity, or proper construction.

The general crisis of capitalism is reflected in the fact that worldwide annual economic growth rate averaged 2.6% in the 1960s, fell to 1.6% in the 1970s, and fell further to 1.3% in the 1980s. The uneven effect of this decline is plunging much of the world's working class into ever more desperate conditions. Workers' rebellions are often the response to these developments, but without communist leadership they tend to sputter out, and despair and cynicism settles in.

This is why we need to build the PLP all over the world, especially in the less-developed areas, to lead a workers' revolution to a communist victory.

In order to appreciate the terrible daily toll which imperialism takes on the world's working class, even in so-called peacetime, let's explore a few examples:

- Of the 500 million people in sub-Saharan Africa, 300 million live in absolute poverty.
- One thousand children die each day in Africa from poverty-caused disease and starvation. (For comparison, in the 13 years of the U.S. war on Vietnam, on average, 15 U.S. soldiers and 250 Vietnamese died on an average day.)
- Between 1989 and 1993, there were 800,000 excess deaths due to poverty in Russia, Ukraine, Bulgaria, Hungary, and Poland. This number exceeds the total number of U.S. and British soldiers who died in World War II (though the number of Soviet citizens who died in that war was 25 times greater!)
- In 1992, a World Bank study defined the poverty line as the minimum income needed to buy enough food to maintain normal body weight at an average level of activity. Even with that austere definition, which ignores clothing and shelter, 37% of the world population fell below the poverty line. If these other necessities were to be taken into account, more than half of the world's population would likely

fit the definition of wretched poverty. This is the "triumph of capitalism" they boast of!

- In Mexico, *official* unemployment is 39%. According to the *L.A. Times,* one town had so many stillbirths that people feared it was an epidemic of some new infectious disease. Investigation showed that the epidemic causing this devastation was malnutrition.
- In Brazil, there are more than 25 million deprived children, 8 million of whom live on the streets, where they are the regular victims of mass murder by the police. According to one writer, the situation in the cities "most closely parallels concentration camps . . . the frightening and often murderous end-point of starvation: 'hunger delirium' when mothers would hack their children to death."
- In the U.S., a black man living today in New York City will die younger, on average, than a man living in Bangladesh; a newborn baby is more likely to die within a year in Washington, D.C., than in Jamaica; and the population of homeless street residents in Los Angeles now tops 40,000.

These figures make clear that, as horrendous as military warfare may be, the daily toll of lives from capitalist poverty in "peacetime" can often exceed that of the bloodiest battle. Pacifists who argue that the world needs to be changed, but that violent revolution is the wrong course, fail completely to comprehend the violent nature of business-as-usual capitalism in the age of imperialism.

World war in the era of imperialism

But as if "peacetime" weren't grotesque enough, the threat of world war is an ever-present shadow cast over the earth in the age of imperialism. In 1916, V. I. Lenin, one of the leading Russian pioneers of communism, first defined imperialism as the highest stage of capitalist development, marked by the complete division of the world among exploitative capitalist ruling classes.

Once the whole world was devoured by capitalists, the only way they could expand farther was to take from each other. This could only be done through vicious inter-imperialist wars to divide, and then repeatedly re-divide, the world among the great powers. At the same time, however, the untold horrors of the 20th century's world wars also brought about the epoch of working class revolutions—with the goal of the total destruction of capitalism.

While World Wars I and II were largely inter-imperialist wars to re-divide the world's markets and sources of cheaper labor power and raw materials, they also reflected the capitalists' struggle to turn back working class revolution.

World War I began as inter-imperialist rivalry among U.S. and European nations. But it ended as a united (if unsuccessful) effort to eradicate the communist-led revolution of the Soviet working class. From 1917 to 1920, the major combatants in World War I, stopped fighting each other and invaded the Soviet Union. They were finally defeated and forced out by the Soviet workers, led by the Bolshevik Party. An all-out invasion was impossible, because most workers in the imperialist countries didn't want to fight against the Russian revolution. Over 4.5 million died during that imperialist invasion by 25 capitalist countries.

World War II, on the other hand, began more with an eye toward a second attempt by the imperialists to militarily crush the Soviet Union. But it soon developed into inter-imperialist rivalry, as the German Nazis showed they had no intention of leaving the postwar world in the hands of the rest of their imperialist rivals.

The U.S. and Britain, who claim falsely to have been the main saviors of the world against Nazi barbarism, began by supporting the German/Italian axis effort to install the fascist Franco as dictator of Spain in 1936. They prevented supplies from reaching the loyalist troops who were fighting the fascists in Spain.

The U.S. sustained its support of the Nazi program through Roosevelt's refusal to grant asylum to European Jews—other than those few scientists, like Einstein, who could aid the U.S. war effort. The "appeasement" of the Nazis by the British at the outset of World War II was nothing less than actual support for the expected

German invasion of the Soviet Union.

The weakening of the Japanese imperialists in World War II was largely due to the resistance by the communist-led Chinese working class. Four years after the formal end of World War II, the Chinese workers seized power from the capitalists, marking the second time that imperialist war led to working class revolution. While World War II formally ended in 1945, the imperialists hardly put their guns aside. After Chinese workers seized power in 1949, they became the target of continued U.S. wars in Asia—in Korea, and later in Vietnam. Once again, inter-imperialist war had changed back into open capitalist war to crush working class revolution.

As we end the 20th century, we continue to see sharpening inter-imperialist rivalries. The inescapable outcomes remain the same: world war on the one hand, and communist revolution on the other. These will play themselves out as we enter the 21st century. The goal of the PLP is to make communist-led working class revolution against capitalism—sooner rather than later. But the primary contradiction in the current era is inter-imperialist rivalry, and this is the main determinant of all capitalist foreign and domestic policy today.

Inter-imperialist rivalry is over markets, raw materials, and cheaper labor power

Let's review the main steps in capitalism's development into the stage of imperialism.

The crisis of overproduction gives rise to competition for markets.

The falling rate of profit gives rise to competition for cheaper labor power.

The need for cheap raw materials gives rise to competition to control the ground itself, with its oil, metals, and agricultural products. But of all these, the hottest source of the coming World War III is the fight over oil, centered in the Middle East, site of the largest known cheaply available reserves.

For the major wing of the U.S. ruling class, domestic energy requirements are not the primary incentive to control Middle Eastern oil. Of the 18 million barrels consumed each day in the U.S., more than half come from domestic production in Alaska, Texas, and Oklahoma. If favorable tax laws and other legislation allowed domestic oil companies to develop these home resources to their fullest, the needs of U.S. homes, transportation, and industry might be satisfied entirely by these sources.

No, the reason the U.S. ruling class seeks to control Middle Eastern oil is Political Economics. Its major imperialist rivals, in particular Germany and Japan, are entirely dependent on foreign oil. Middle Eastern oil does more than generate phenomenal profits for U.S. capitalists; it also represents the life blood of their competitors' industries. They will fight to the last drop of the blood of the U.S. working class to hold on to as much of this oil as they can. (Middle Eastern oil was one of the major prizes sought by the contenders in World Wars I and II.)

As other countries' investments grow in the Middle East, the need of the Rockefeller wing to control the oil fields will become primary. The next time an air war will not suffice. Oil fields cannot be controlled from the air, as the Joint Chiefs of Staff have warned repeatedly. They are well aware that nothing short of a ground war will do the job. *At that point, PLP's base among U.S. soldiers, and our efforts to win them to turn the guns around on their officers, will take on even more vital importance*.

An overview of inter-imperialist rivalry in the 1990s

With the collapse of the Soviet Union in 1989, the main contradiction in the world shifted from U.S.-Soviet inter-imperialist rivalry to a polycentric conflict among U.S., German, and Japanese imperialists, with other

rivals emerging and re-emerging, including Russia, China, and France. Japanese capitalists emerged in the 1970s as fledgling imperialists, with only a few billion dollars worth of international investments. But this leaped to $53 billion in 1983, to $106 billion five years later, to better than $350 billion in 1991—more than three-quarters of U.S. direct investment abroad that year.

The German capitalists have also lifted their levels of direct investment abroad, although not as spectacularly. For the last decade, the major imperialist countries have concentrated on securing their own "neighborhoods" to buttress their economies. German imperialism has funneled huge amounts of capital into Eastern Europe, with a sharp eye on investment opportunities in Russia and the other former Soviet republics. By early 1992, Germany had established 1,500 joint ventures in Poland and 1,000 in Czechoslovakia.

The Japanese capitalists, meanwhile, have rapidly expanded into Southeast Asia, previously a stronghold of U.S., British, and French investment. From 1986 to 1991, for instance, Japanese capitalists invested $27 billion in Southeast Asia, while American firms added only $7 billion to their existing investments there. These economic trends place added pressure on U.S. influence in these arenas.

Accompanying these rising investments by competing imperialists is the inevitable reappearance of military power to protect them. Though both countries have been relatively impotent militarily since WWII, Germany has recently begun sending its military abroad once again, while Japan now has the third largest military budget in the world. With the technical apparatus in place and the political groundwork laid, it would take either country only a few years to create a modern imperial army to protect their investments and extend their spheres of influence.

Today the U.S. finds itself the biggest debtor nation in the world ($1.3 trillion). Its international balance of trade, now a $300 billion deficit, steadily worsens. Its major rivals are growing and consolidating, with the Euro soon to challenge the dollar as the main currency of world capitalism. Threats abound to its hegemony over Middle Eastern oil.

World war is again in the air.

In addition, small aspiring imperialists are butting in, attempting to improve their positions at the expense of the major imperialists, further complicating the terrain. Iraq’s Saddam Hussein makes a play for greater oil revenue by seizing Kuwait. North Korea presses for greater international trade relations by rattling the nuclear saber. Haitian generals grasp for even greater spoils from the Haitian people, rather than ceding the lion’s share to the U.S. imperialists. Fascists of varying nationalities in the former Yugoslavia contend for domination at the expense of their neighbors.

These dominant imperialists may initially fight small wars with the restive smaller capitalist forces around the world. But before very long, such battles will inevitably become wars among the world's major imperialists. As the number of competing imperialist countries increases, the world becomes more and more unstable.

Inter-imperialist rivalry in Latin America

A preview of the titanic conflict to come can be found in what the U.S. paternalistically calls its own "backyard"--Latin America and the Caribbean.

The core fortress for U.S. imperialism remains the Western Hemisphere. By dint of history, proximity, and economic investments, this remains "the last best hope" for U.S. imperialists. But even here, rivals have begun challenging U.S. hegemony.

The U.S. imperialists have long thought of Latin America and the Caribbean as their permanent empire. As

long ago as the early 1800s, in the doctrine bearing his name, U.S. President James Monroe declared that no other major power would ever be allowed to work its will in the Americas. The invasion and seizure of Cuba from Spain in 1898 consolidated this declaration. It also launched a century of U.S. wars and political intrigue to secure the interests of U.S. imperialism.

The bloody U.S. suppression of anti-imperialist uprisings is well-known, from invasions and occupations by the Marines to the CIA-engineered fascist coup by Pinochet against Allende in Chile in 1973.

The defeat of a U.S. invasion of Cuba at the Bay of Pigs in 1961 stands as the sole, long-term victory of any anti-U.S. movement. Even Cuba, however, is now rushing back into the U.S. fold in its efforts to convince the U.S. to lift its decades-old economic blockade. Cutting a deal with the Pope marks the end to any claim by Cuba to revolutionary independence.

But there are new players in the hemisphere. Japan and Germany have both signaled their intent to play a bigger role here, despite U.S. opposition. Japanese investment capital in Latin America has increased from $8 billion in the early 1980s (less than one-third of the U.S. level) to $44 billion in 1991 (well over half of the U.S. level). Japan is emerging as the number-two investor and trading partner in Latin America.

Meanwhile, German investment in Latin America has begun to increase, especially in Argentina and Brazil.

U.S. imperialists shed blood to stop rival imperialists

The response of the U.S. ruling class to these financial incursions has varied from partnership to intimidation. NAFTA, a program to lower trade and investment barriers among capitalists in the U.S., Mexico, and Canada, was pushed through Congress despite the opposition of the U.S. labor movement and agricultural workers in Mexico.

In 1983, the U.S. invaded Grenada to demonstrate that not even the smallest economy would be allowed to dally with Castro or any other force independent of the U.S. financial oligarchy. To veil the true purpose of the invasion, Reagan portrayed a daring rescue of some American students from a "Marxist" government.

Perhaps the boldest U.S. reaction to the Japanese financial invasion of the Western Hemisphere was the 1990 invasion of Panama. To provide cover, Bush lied that the invasion was aimed at arresting Panamanian President Manuel Noriega, ostensibly for dealing drugs. But U.S. imperialism's main goal, as it incidentally slaughtered thousands of Panamanians by bombing residential neighborhoods, was to seize military control of Panama and its banks, thereby issuing a warning to the upstart Japanese imperialists.

The 1995 invasion and occupation of Haiti similarly warned foreign investors that any role they might play in the hemisphere would be at the pleasure of the U.S. imperialists. This time, Clinton was the front man, lying that U.S. troops were there to liberate the Haitian workers from a fascist police state.

Yet all of these U.S. saber-rattlings, with their concomitant murders of thousands of Panamanian, Haitian, and Grenadian workers, have failed to accomplish their goal. Japanese investments continue to flow into Latin America.

And with the German imperialists beginning to trickle into Latin America, pressure against the U.S. hegemony in the hemisphere will grow, heightening inter-imperialist tensions even in the U.S. "backyard."

Death to imperialism!

The imperialists, of course, do not limit themselves to a particular set of territories. They constantly probe—politically, militarily, and especially economically—to see where they can invest their capital and sell their commodities for the highest return. Sometimes they even penetrate each other's national borders.

Japan, for example, has an ever-increasing number of automobile assembly and parts manufacturing plants in the U.S.

The imperialists are highly sensitive to each other's probes. There is no "transnational ruling class." Instead, each ruling class bolsters its armed might to defend its own circle, wherever its money has gone. And so there is competition all over the globe, sometimes "peaceful" and sometimes violent, over who will call the shots in a particular part of the world. Overlaid upon this entire process are the chaotic laws of capitalist development, guaranteeing recurrent economic crises. Imperialist expansion is one way that capitalists seek to alleviate these problems. The bumping of heads is inevitable. Peace is unstable, since any capitalist nation that loses out financially may seek to recoup through war. These may be small local wars or big global wars. At the outset, they may be mere threats of war, punctuated by phony peace agreements and treaties. But when all is said and done, the imperialists are always jockeying for stronger positions in their great rivalry—and threatening the life of every worker on the globe.

Mass political campaigns are launched to confuse the working class about the imperialist process described here. As they prepared for World War II, for example, the imperialists held elaborate disarmament conferences and crafted ambitious peace plans. At the same time, each imperialist power promoted intensified patriotism at home.

Today, the diplomacy of UN Secretary General Kofi Annan and others has similarly obscured the determination of the U.S. ruling class to fight for control over Middle Eastern oil. These diplomats help the U.S. rulers by demonizing Saddam Hussein. The real sharks, the U.S. capitalists and their government, pretend that the small-scale murderer in Iraq is the world's main threat. They hide the fact that, up until 1990, the U.S. rulers used military aid and propaganda to strengthen Saddam in the position he holds today.

To overcome this imperialist deception, the working class needs desperately to have a clear understanding of Political Economy. Only then can workers appreciate both the true wellspring of modern wars and the preparations made by the capitalists for the next one.

Modern imperialist expansion is not driven by the ego or personality of a Caesar, but by the impersonal and inescapable requirements of the capitalist accumulation process. It is a *system*, not a dictator or a nation or even a group of nations, that requires the gross exploitation of the international working class.

Continually recurring world wars are the inevitable outcome of this mad race of capital accumulation. The danger increases immeasurably in times of major economic crisis. Inevitably, the declining imperialists must go to war to challenge the dominant power for market share, raw materials, and cheaper labor power.

Today's inter-imperialist conflicts will inevitably lead to World War III, sooner rather than later. And that war will set the stage for massive worldwide communist revolution, just as World War I did in the Soviet Union, and World War II in China.

But capitalism will never collapse from its own internal contradictions. As with slavery and feudalism, its agent of destruction will be a class without a stake in the old system, a class that will physically overthrew the old and replace it with the new.

This time around, the revolutionary class will be the working class. Only the revolutionary destruction of capitalism by a multi-national working class can open the way for an international, rational, planned system of communist sharing and mutual aid. But working class communist revolution will succeed only if there is a mass Progressive Labor Party capable of leading it.

Today's workers, students, and soldiers have the opportunity to build a movement that, led by PLP, will turn the catastrophe of capitalism into a revolution for communism—workers' power—and a new epoch free of

racism, exploitation, and class domination. Now is the time for millions of workers, soldiers, and students to join the Party, and make the coming world war the dying gasp of the world's imperialists.

SECTION VII

FASCISM: THE ILLUSION OF STRENGTH, THE REALITY OF WEAKNESS

Hitler and the Nazi Party ruled Germany for 12 years. For the first six years of that rule (1933-39), Germany was at "peace," merely laying the brutal foundations for the vicious, racist policies which later carried it into war.

By looking at "peacetime" Nazi Germany, we can learn something about present day "peacetime" U.S.

> *1934: Hitler started "Workfare" by assigning 400,000 unemployed workers to auxiliary works and paying them with only their unemployment allowance, plus a few commodities. The program was later expanded.*
>
> 1996: Clinton and Congress sign Workfare into law. By 1998, the program is greatly expanded.
>
> *1933-39: Hitler built 10 concentration camps, housing 200,000 inmates. In 1939, a record 50,000 new prisoners came into the camps.*
>
> 1990-95: The U.S. state and federal systems build 213 new prisons, adding more than 280,000 beds. For every 100,000 people, the U.S. has a record 519 in jail. South Africa is a distant second with 368 per 100,000. (Of the main industrial rivals, Germany imprisons 80 per 100,000, and Japan only 36!) In 1996, according to Justice Department figures, a record 5.5 million adults were either in jail, on parole, or on probation.
>
> *1941: After two years of world war, Hitler started to use prison labor at Daimler Aerospace to build aircraft.*
>
> 1996: Activist workers discover that Boeing Aircraft is using prison labor to do skilled jobs in Seattle, Washington. The union (the IAM) helps mask this slave labor by calling it a "community service."
>
> *"Under Fascism, net real wage rates have declined by 13% during a period of rapidly increasing business activity--a unique departure from conditions and trends as observed throughout the whole history of capitalism!" (From* Germany, Economic and Labor Conditions Under Fascism, *by Jürgen Kuczynski*.)
>
> "One can argue about the exact percentages, but something on the order of 80% of the workforce is now experiencing falling real wages. This is failure on a monumental scale. At the same time, real per capita gross domestic product has risen by a third. All of this extra income has gone to the top 20% of the population, and most of it to the top 1%. Probably no country has ever had as large a shift in the distribution of earnings without having gone through a revolution or losing a major war." (From *Reclaiming America*, by Lester Thurow.)

1933: The Reichstag (German Parliament) was burnt to the ground. The Nazis immediately abolished all constitutional rights and declared a state of emergency.

1996: The Government Building in Oklahoma City is bombed. Clinton and Congress pass the "Terrorist" Bill, which allows for jailing and deportation of dissenters.

1931-33: The German capitalist class split into two broad factions. The Bruning Camp, which included companies like IG Farben, Krupp, Siemens, Weiss, textiles and high-tech companies; and the Harzburg Front, which operated out of its think-tank, the MWT, and represented steel, heavy industry, coal, and big landowners (the Junkers). Hitler and the Nazis built their political party, with financial backing from Krupp and Farben.

1998: The U.S. ruling class is split, with Koch Industries and various domestic oil firms leading one faction, and Rockefeller and international oil companies like Exxon leading the other, dominant faction. They each build a number of fascist movements (discussed below).

We could go on, but the picture should be clear. The U.S. today is increasingly similar to pre-World War II fascist Germany.

Fascism = force + deception

First of all, fascism is a capitalist response to severe economic crises, and to the need for the ruling class to prepare the population for inter-imperialist war. The crises arise from the very contradictions within capitalism itself; the need for war arises from the resulting inter-imperialist rivalry. Fascism is a *deliberate* policy of the capitalists, made necessary by the inevitable crises of capitalism in its imperialist stage.

Writing in the 1930s, the British communist R. Palme Dutt illustrated the difference between fascism and social democracy. In his book, *Fascism and Social Revolution,* Dutt showed that social democracy, like today's British Labour Party, was a movement which paraded itself as a stalwart of the working class and the deadly enemy of fascism. But Dutt exposed the fact that both fascism and social democracy were related forms of capitalist rule, and that social democracy's proclaimed opposition to fascism was mere pretense. He summarized the two movements as follows:

Social democracy = deception + force

Fascism = force + deception

This promotion of force from second place to first place is a strategic retreat, based on an estimate by the capitalists that their hold on the working class will weaken as they prepare for war. However, their increasingly naked use of force does not mean that capitalism in any way abandons its attempts to win the "hearts and minds" of workers. On the contrary, the capitalists' experience tells them that naked force is a double-edged weapon. Force keeps many workers fearful and reluctant to resist worsening oppression. But at the same time, it often promotes rebellion. To blunt this growing resistance, the capitalists go all out to win large sections of the working class to their fascist agenda, through a relentless campaign of ever bigger lies.

The main preparations for war are political. The working class has to be won to seeing the capitalist state as their friend, as a vital source of their well-being. Certain politicians have to be groomed as apparent saviors

of the working class against the greedy capitalists. The Gephardt forces perform that function in the U.S. today; Hitler played a similar role in the 1930s for the German ruling class. The full name of the Nazi party was the National Socialist German Workers' Party, a bald attempt to capture working class support against those very capitalists who were feeding Hitler millions of marks under the table.

Force

As a first step in the preparations for war, the dominant wing of the capitalist class moves to grab complete control of the state from the rest of the capitalists. It consolidates its hold upon the state's apparatus: the army, the police, the central bank, the jails and courts, and so on.

As the crisis of overproduction and inter-imperialist rivalry becomes severe enough, capitalism develops fascism—to protect not merely its profits, but its very class domination over the working class. The fundamental problem of the day for the capitalists is no longer economic, but rather political.

As we have seen, their falling rate of profit forces the capitalists to rev up the exploitation of the working class with a vengeance. More and more surplus value must be extracted by making workers work harder, for longer hours. More production is squeezed out of workers by automation, leading to layoffs. Production is moved to low-wage countries. In many cases, wages are cut below the level of subsistence. All of this creates a smaller and smaller market and a deeper and deeper crisis.

By invoking fascism to help them prepare for war (by wiping out foreign competitors) and to gain windfall profits, the capitalists drive down wages as far as possible while still maintaining a working class with enough health and morale to churn out products at an accelerated rate. To accomplish these goals, which are unpopular in the extreme, and for which lies and deception alone would fall on deaf ears, fascism resorts to police state terror and mass imprisonment to break the resistance of the working class.

Force and violence against the working class are on a rapid rise in the U.S. today. Racist murders by cops are rampant in almost every major city, and have become national policy. In their book, *Fixing Broken Windows,* Kelling and Wilson spell out their plan to enlist the general public to the campaign to "restore order to cities" by attacking youth, especially black and Latin youth, harder and harder. Police departments are acting as death squads. Fast-track deportations and increased harassment of immigrant workers are all part of the fascist plan: an attack on all workers.

To divide the opposition to terror promulgated by the state, fascism also steps up behind-the-scenes efforts to promote mass terrorist groups within the population (like the Klan), which will primarily target other sections of the working class, in particular immigrant or black or Latin workers. This is intended to terrify and paralyze the working class, and to lead workers to blame one another rather than the capitalists.

In spite of its uses of violent power*, fascism expresses not the strength of capitalism, but rather its extreme weakness*. After all, if workers supported capitalism and its wars wholeheartedly, terror would not be necessary. This weakness, however, does not mean that communist revolution will replace fascism easily. It does mean that--*given effective leadership*--a phenomenal growth in the communist movement, up to and including revolution, is possible.

In Italy it was the Communist Party, two million strong, which captured, tried, and sentenced Mussolini, after almost a quarter century of the fascist form of capitalist rule. They left him hanging dead from a lamppost. On the other hand, the German Communist Party--the world's largest outside of the Soviet Union--was crushed by the Nazis. It adopted an alarmingly casual and utterly benighted, slogan: "After Hitler, Thaelman!" After the electoral defeat of Hitler, they thought, the communist Thaelman would be Chancellor of Germany! They relied on the ballot box instead of preparing the German workers for revolution.

It is not the size, then, but the line and leadership of the communist party that is crucial to the defeat of fascism and the growth of revolution. PLP enters this fight with confidence that we can learn from both the errors and the triumphs of the old communist-led movement.

Deception

Just as it organizes first to out-compete and then destroy other capitalists through war, fascism sets out to cheapen all workers' wages and to destroy sections of, the working class. Fascism sets itself, then, a contradictory task. It sets out to win as many workers as possible to new levels of brutality in defense of capitalism and against their own class interests. At its core, it aims to bury class consciousness and deny exploitation. Its main method is to develop an alternative sense of collectivity and social solidarity in nationalism (patriotism), in order to win workers to serve more or less willingly as cannon fodder.

Today the role of disarming the workers for the U.S. ruling class is played by liberal institutions like the Democratic Party, the unions, the churches, and revisionist (fake communist) movements. These institutions and organizations belittle class struggle, lower expectations, and lie about the causes and nature of the crisis. They reinforce illusions and sow confusion.

Workfare illustrates the way liberal institutions are helping the capitalists deceive the working class. Workfare actually lowers the wages of all workers, because it pits much lower-paid welfare recipients against other workers. At the same time, by forcing welfare recipients to accept low-paid work, the ruling class eliminates costs that sustain a part of the reserve army of labor. Yet large sections of the working class are neutral toward Workfare, or even support it—thanks to the role of the churches and unions.

Similar liberal propaganda is used to win the working class to accept prison labor and the explosion of the U.S. prison population. When activists at Boeing discovered that the Seattle plane maker was using skilled prison labor at very low pay to assemble its planes, they found that the union had not only gone along with the scheme, but had called it a service to the community!

In the most important capitalist campaign of all—to win workers to support a new world war against imperialist rivals—movies like Spielberg's *Saving Private Ryan* play a pivotal role. The film acknowledges that war is hell, with vivid scenes of blown-off limbs, blood-spurting wounds, ear-splitting machine gun fire, and brave men crying. But despite the horrors of war, *Saving Private Ryan* tells us, there are forces beyond our control that compel us to participate—whether to save an individual life (Private Ryan), or to help the "nation of freedom" defeat tyranny (as General Marshall quotes Lincoln).

Pick a level, any level; just don't pick the working class. And don't look for the causes of war in capitalism and imperialism. Target instead a power-mad dictator, about whom there is nothing you can do other than go to war for your "own" country—which really means your "own" capitalists.

The U.S. landing in Normandy (northern France), which occupies *Ryan*'s nerve-shattering first half hour, was delayed and delayed by the U.S. and Britain, despite the pleadings of the then-allied Soviet Union. The Allies hoped that the Nazis would crush Soviet socialism for them. Only when the Nazis were defeated by the Soviets, and into retreat across Europe, did the British and U.S. imperialists see the need to directly check the Soviets from spreading their communist influence among the working class of Europe. Then they were perfectly willing to throw away the lives of thousands of working class soldiers in a frontal assault on a well-fortified beachhead.

Lest anyone think that the U.S. ruling class differs from the debased and brutal Nazis of a half century ago, and would never carry out its attacks on workers to that extreme, consider the following: The U.S. rulers are the only ones ever to have used nuclear weapons to liquidate the populations of entire cities, more than 50 years ago in Hiroshima and Nagasaki. The same ruling class used jellied gasoline (napalm) to set fire to tens

of thousands of men, women, and children 30 years ago in Vietnam. And less than a decade ago, the U.S. rulers tested numerous new high-tech weapons on the Iraqi working class, annihilating some 300,000 men, women, and children.

Neither Republicans nor Democrats held a monopoly on these atrocities. Presidents and politicians of both parties shared in these unspeakable war crimes.

For our self-preservation, as individuals and as a class, we must shed all illusions that this ruling class will stop short of grand-scale torture and murder, if their economic and political needs so dictate. In each of the war crime cases just cited, winning U.S. workers to racism—first against Asian workers, then against Arab workers—played a key role.

In fact, it is racism—the major cultural "achievement" of U.S. imperialism—that always plays the key role in splitting and immobilizing the working class. Racism, then, is a key ingredient of fascism. It is the most successful and time-tested method to blur class consciousness and set the stage for nationalism and other forms of class collaboration. PLP accepts the historic responsibility for winning the working class to see all forms of racism as its deadly enemy. ***But it remains the responsibility of each and every worker around the world to resist, combat, and ultimately destroy racism and its genocidal results***.

The split among U.S. capitalists produces two fascist movements

As the economic crisis and fascism grow, a secondary fight within the capitalist class breaks out, *soon becoming the primary conflict of the moment.* Control of the state apparatus becomes vitally important for each faction within the ruling class, though they obtain their profits in different ways.

As the crisis develops further, other capitalist classes fracture, adding volatility to an already dangerous situation. The winter of ‘97 crisis in the Asian stock markets led to the resignations of four Prime Ministers—not after electoral defeats, but because of deep splits within their ruling classes. New Zealand, Thailand, India, and the Czech republic all replaced their political heads of state. And Russia’s Yeltsin can’t last much longer.

In the U.S., as elsewhere, the fight against fascism is complicated. The split among the capitalists has produced two fascist movements, since they cannot agree on the way in which fascism should operate. One movement, represented by the Republican right, attacks affirmative action, unions, big government, NAFTA, and the coming land war to defend Rockefeller’s oil in the Middle East. It builds movements like the Promise Keepers, Farrakhan’s Muslims, the militias, the KKK, the anti-abortion forces, and the isolationist supporters of Pat Buchanan.

The other fascist movement, backed by the liberal wing of the Democrats, endorses affirmative action, unions (within limits), and big government (federal rights over state rights). It promotes NAFTA as well as a land war in the Mid-East. It builds movements like the unions, the NAACP, NOW, and the pro-abortion forces.

The two movements, one posing as the right wing and the other as the left, reflect the different needs of the two main capitalist groupings. The New Money capitalists derive their wealth and power mainly from the domestic economy, and are centered around domestic oil. The other grouping, the main Rockefeller wing, owns interests tied up with U.S. overseas investments and alliances, and particularly with Mid-East oil.

One wing, probably the Rockefeller wing, will emerge to be dominant, and will discipline its rivals. The fight between the two wings, however, can provide an opening for the working class, *as long as we recognize that both factions are our deadly enemies.*

Fascism demands the growth of the PLP

Fascism brings us face to face with the reality that power in class society rests on police state force and military might, welded together by a false and deceptive ideology. Up against this juggernaut, the working class can find itself in organizational and political disarray. That's why we need a revolutionary communist party. The development of fascism cries out for it.

The pervasive brutality of fascism dictates certain strategic decisions. First, a party that does not organize among soldiers can not lead a revolution. Second, a party that does not understand the severe limits to legal revolutionary work, and fails to organize illegally, will be wiped out.

Those who think that fascism is primarily a response to working class resistance or rebellion are mistaken. It's the other way around. Working class rebellion and the rapid rise of communist movements have been the response to fascism, and to war. It's a mistake to argue that the PLP's efforts to build a mass movement for communism will give the ruling class an excuse to increase repression. That argument fails to see that the capitalists around the world need no excuses to build fascism and prepare for war against their imperialist rivals. Given this historical fact, workers actually increase their risk of being jailed or killed by ***failing*** *to build the PLP.*

We in PLP must realize that by fighting fascism, we undermine capitalist preparations for World War III. More important, our base must realize that only a successful fight for communist revolution--workers' power--can wipe out fascism. The fatally erroneous approach of the Communist International during World War II was to unite with the liberal wing of international fascism (represented by the U.S. and British ruling classes) to defeat the right wing of international fascism (represented by the German, Italian, and Japanese ruling classes). As a result, the Communist International gave the working class only short-lived relief from the naked fascism of the Axis powers.

Today we are paying the price for this error. While the communists of the 1930s and 1940s did not have the benefit of our historical experience, we do not intend to repeat their error. Sticking to reformist demands will lead straight to jail or death if the rulers face a working class *not* led by revolutionary communists.

It is a big challenge for us, but understanding fascism clarifies our strategies:

> Organize youth-military work.
>
> Organize illegally.
>
> Expand the circulation of PLP's newspaper, *Challenge,* an ideological offensive to take advantage of capitalism's ideological retreat.
>
> At every opportunity, raise with the working class the need for communist revolution.

A growing number of working class families have experienced the rulers' fascist attacks first-hand. Many have tremendous hatred for the bosses. They and others are open to our line now. The capitalists' fascist terror can be their own downfall, but only if we fight to build a mass communist party of millions in the face of it. It *can* and *will* be done.

SECTION VIII

COMMUNISM: THE ILLUSION THAT WORKING CLASS LIBERATION WILL NEVER HAPPEN, THE REALITY THAT IT ALREADY HAS--AND WILL AGAIN

In this final section we will examine:

- what went wrong in the Soviet Union and particularly in China, and why,
- how much has been achieved by the Soviet and Chinese revolutions, and
- the essence of what communism really is.

We began this booklet by looking at the beginnings of capitalism. We end it by looking at the beginnings of communism.

Revolutions put one class in power and kick another one out. But while communist revolution tilts the balance of power in favor of the working class, it doesn't end class struggle. After a defeat, the capitalists invariably try to grab back power through counter-revolution.

In 1917, the Bolsheviks took state power in Russia. For the next eight years, the Soviet working class fought a war on their own soil to defend socialism against invading capitalist armies from the U.S. and Europe.

In 1949, led by their Communist Party, Chinese workers and peasants took state power and kicked out the imperialists and their capitalist forces. For decades the Chinese fought to defend socialism against U.S. invasions in Korea and Vietnam, as well as political and economic attempts to isolate and drown the revolution.

But even though the external capitalists were unable to defeat socialism in the Soviet Union and China, in both countries capitalism gradually reestablished itself.

The Great Proletarian Cultural Revolution in China

We must learn from history, and the history of the Great Proletarian Cultural Revolution in China during the 1960s and 70s is especially instructive. In fact, the job facing PLP is to complete the battle that the left-wing communists in China began, but lost, in that revolution.

Accounts of the Cultural Revolution by writers who support capitalism are generally negative and confusing. A study of Political Economy, however, helps clarify the issues. First of all, the Cultural Revolution amounted to far more than its name would imply. In fact, it was a bitter and often violent fight for political power and control of the state. It was in every sense a political revolution—and the most advanced the world has yet seen.

While it took a variety of forms, the battle was essentially over commodity production and wage slavery, neither of which had been eliminated in China under socialism. The main questions were:

Should production be driven by **exchange value** (sales and profits) or **use value** (communist planning for need)?

Will people only work for individual needs (wages), or will they work out of a feeling of responsibility to the whole working class (political/class consciousness)?

The line was drawn in this battle between socialists and "capitalist roaders" on one side, and communists on the other. The government was controlled by socialists and capitalist roaders, who both favored profits and wages, though with different justifications. The socialists justified profits and wages as a transitional stage to communism, necessary for the foreseeable future. The capitalists justified them as the best way to organize society now and forever.

The communists in this battle were represented by the Red Guard, which was made up primarily of students and workers. They favored the immediate replacement of commodity production and wages with communist planning and free distribution based on need, with no need for any transitional period.

In China in the 1960s, the capitalist roaders Liu Shao-chi and Deng Xiaoping were more or less discredited. They argued that "the drive to work is stimulated only by material incentives (wages)," and that "to work for money is only human." But they rallied little or no mass support around their slogans.

On the other side, the communists urged a revolutionary attitude toward labor. They quoted Lenin: "Communist labor . . . is labor performed gratis for the benefit of society . . . not for the purpose of obtaining a right to certain products, not according to previously established and fixed quotas, but voluntary labor, irrespective of quotas."

The communists held that there was no need for commodity production and its marketplace, where the "blind laws" of supply and demand would indiscriminately favor one group of workers at the expense of another. They quoted Engels: "The seizure of the means of production by society eliminates commodity production and with it the domination of the product over the producer. The anarchy within (capitalist) social production is replaced by consciously planned organization."

Even Mao, a socialist, admitted that millions wanted the abolition of the wage system. Millions of Chinese workers understood that working for wages reinforced individualism. When the purpose of work was degraded to the earning of a wage, the spirit of collectivity and responsibility within the working class was undermined.

During the Cultural Revolution, the very idea of capitalism was under siege in China. Humankind was on the verge of releasing unheard-of forces. China was about to organize production solely for use. Work was going to be direct—valued exactly for what it was. The responsibility of the whole society would rest on the collective will of the workers, who would hold all power. A revolutionary world was about to be born.

Unfortunately, the battle proved more complicated than that. Socialism—led by Mao and the "Gang of Four"—came to the rescue of commodity production. They said that direct social production (communism) and commodity production (capitalism) could exist side by side. They said that the "law of value" (by which they meant exchange value) could operate alongside direct, planned exchange. And they said that socialism—this mixture of capitalist and communist organization of production—would be a "long historical period," in which the transition to communism would be achieved step by step.

In this the socialists were only following Marx, but Marx had written a century earlier, and had lacked the political experience now possessed by the Chinese working class.

It’s not that the socialists didn’t want communism—they did. It’s not that they didn’t want to see direct social production, the transformation of the labor process, and a new share-and-share-alike psychology of labor—they did. It’s just that the socialists believed that society needed to retain some aspects of capitalism for an indefinite period. They stubbornly held to this position, against the Red Guard, because the socialists didn’t think that the working class was capable of organizing and running the whole of society. Besides, they argued, capitalism under socialism was a tamed capitalism, controlled by the working class state.

In addition, the Chinese socialists were convinced that an abrupt transition to communism would be disruptive, and would give the imperialists an opening to crush the revolution. We can expect to meet similar arguments after the working class, under PLP’s leadership, seizes state power. We will only be able to counter them by sharpening our understanding of capitalism and its wage system.

It is critical to understand that the eventual reversal of even socialism in China, and its recent reversion to open free-market capitalism, was not due *at the start* to corruption or dishonesty on the part of the socialists. The roots of the reversal lay in the socialists’ political line—in their mistaken beliefs, no matter how honestly held.

Over time, of course, the socialists' line led to more and more inequality. Communist Party members who benefited from the inequality developed a stake in these ideas. The more they benefited, the more their interests diverged from those of the working class. At some point, this growing inequality gave rise to a qualitative transition, in which these former communist leaders became bitter class enemies of the working class—namely, capitalists.

(Though there were important differences in the way the working class lost power in the Soviet Union, the essence of the process was the same.)

The socialists in China, who started out by overthrowing capitalism, eventually developed divergent interests from the working class, and ended up stealing back the workers' freshly achieved political power. Today's trade union leaders (particularly in the U.S.), by contrast, never rejected capitalism. It is no surprise to find that they are unwilling to permit workers any power, even in running the union. Nor are they capable of leading workers to fight for even their defensive interests against the capitalists.

That is why the PLP fights within the unions to gain the political leadership of the rank and file, and to turn defensive fights (which cut losses, at best) into an offensive civil war for complete working class power: for communism.

Socialism versus communism

The Bolshevik and Chinese revolutions made tremendous historical advances. Indeed, without their advances, as well as their errors, we would be unable to understand the job we need to do today. These revolutions showed how industrial workers, and then peasants (agricultural workers), could politically and militarily organize revolution and seize state power from the capitalists. On the one hand, they showed the world how vulnerable the capitalist system actually was. On the other hand, they demonstrated that the strategy of socialism, first proposed by Marx and Engels, was incapable of permanently removing capitalism from the face of the earth.

The job facing PLP is to establish that an international working class can take *and hold* state power and organize production directly—that is, without wage labor, material incentives, or profits. In short, the Party's historical task is to lead the working class to hold power *permanently*, through communism.

What are the main economic features of communism?

After taking state power, the working class will completely dismantle commodity production, and with it the wage system. The sole purpose of production will be **use value.** Under communism, with individual economic survival no longer in question, workers will confront work directly. They will employ the instruments of labor, rather than be employed by them. The pace and duration of work will vary with social need, but work will always be consistent with the health of the worker.

With production reserved exclusively for use, we will work because we, as a class, need or want the product. Human needs will be returned to their primacy in production, just as they were for thousands of years under primitive communist societies. In this revolutionary return to communism, however, human needs will prevail within a highly technological society.

The experiences of the Chinese workers, in the first years after their seizure of state power, can help overcome the capitalist-inspired cynicism among workers today that the working class is incapable of organizing production in the factories. A British doctor named Joshua Horn, who practiced medicine in China from the mid-1940s through the early years of the revolution, wrote a book called *Away With All Pests.* Horne described the way workers cooperated with each other in both factories and hospitals.

In the steel mills, for example, the workers would halt production for a couple of hours during the working

day, and meet on a regular basis to discuss the production process. As a result, they developed a new way of cold-rolling steel that was then the most advanced in the world.

Workers in capitalist-run factories know that it is they who understand the production process the best, not the bosses. But if workers were to offer suggestions that would make the production process more efficient, it would benefit only the bosses. For the workers, efficiencies would produce only layoffs.

As a matter of fact, major consulting companies to the biggest capitalist firms are now trying to convince reluctant CEOs that they themselves know virtually nothing about the production process, and that the workers who actually perform the labor understand it best. They are encouraging these top bosses to avail themselves of this knowledge. Since the bosses already pay for the workers' hands, the consultants point out, they could benefit from the workers' brains for free.

Under communism, workers won't confront work as individuals, but rather as a collective. In place of wages and the indirect connection of workers within the marketplace, communism will connect workers directly to one another. This direct, open connection and interdependence will create a new psychology of work. Given conscious struggle, mutual respect and a share-and-share-alike mentality will develop.

In *Away With All Pests,* Joshua Horne also described the way hospital workers in China, from doctors to janitors, would collectively discuss the status of the patients and learn from each other the best plans of treatment. Doctors were inspired to admit their errors and share them as fully as possible with all other doctors, hospital workers, and patients, so as to help others learn from their mistakes.

Such openness is impossible in a capitalist atmosphere, where doctors practice defensive medicine. Fearful of malpractice suits, they are typically reluctant to admit error. Indeed, under managed care, a doctor who admits a mistake runs the risk of being fired, since it is the managed-care company who will have to pay for the malpractice suit.

Under communism, collective values, not dog-eat-dog capitalist values, will prevail. "From each according to commitment, to each according to need," will be the banner of this communist society.

What are the main political features of communism?

As we have shown, exploitation, poverty, and war are all made necessary by the capitalist organization of society. We have also shown that the ideologies of racism, sexism, and nationalism, as well as the practices on which they rest, are all made necessary by the life-and-death need of the capitalists to keep the working class weak and divided against itself.

While it is perhaps easy to see how exploitation, poverty, and war may disappear when the working class rules, it is less easy to see how the long traditions of racism, sexism, and nationalism will be wiped out of the minds of the working class.

First, the material basis of these ideologies will disappear, along with the class that required them. No one will be able to profit from racist wage differentials or any kind of discriminatory treatment. This fundamental fact will ensure long-term victory in these struggles.

But ideas, habits, and practices die hard. There is no question that the elimination of racism, sexism, and nationalism will require *the most intense political struggle* by PLP, and by all sections of the working class. In particular, even the mere expression of racist or sexist ideas will have to be made illegal and dealt with in ascending severity, with warnings, milder actions, and possibly—in cases of repeated refusal to learn—jailing and rehabilitation.

Here we can benefit from the experience of the Soviets. A black U.S. visitor to the Soviet Union in the early

decades of the revolution reported the following incident: While riding a bus, another passenger insulted him with a racist phrase. The other passengers called on the bus driver to stop the bus. Over the protests of the U.S. visitor, they started to drag the maker of the racist comment off the bus to jail. The visitor tried to dismiss the incident, saying it did not mean that much to him. The Soviet workers replied that it meant a tremendous amount to all of them, not just the visitor, and that no racism would be tolerated in the Soviet workers' state.

In a communist society, racism will be seen for what it is, the first step toward assault and murder, and will be dealt with accordingly. *Throughout its more than three decades of existence, the PLP has fought racist ideas and practices vigorously within its ranks, in addition to being the leading anti-racist force within the greater society*.

The same diligence and force will have to be applied to sexism after the seizure of state power. Here the Soviets were a good bit weaker. Only a small number of women were accepted into the leadership positions of the Bolshevik Party. While large numbers of women were given specialized training (as doctors, for example), there was a weakness in ridding the working class of sexist ideology, which matched the weak practice. *PLP does not intend to repeat this error. Already, women play a prominent role in the leadership of the Party at all levels*.

The main way that sexism will be fought, however, is through practice, in which women no longer suffer any inequalities in any economic or political positions. Inequality—political and economic—is the material basis for sexism, and both the basis and the ideology will be completely eliminated. Practices now assigned by capitalism mainly to women, from child rearing to housekeeping, will become the jobs of men and women alike, and will almost certainly be done in larger collective units than the nuclear family. Indeed, this sharing of responsibilities between men and women cannot await the working class seizure of power. *Within the PLP, we fight hard to make these the practices of members today*.

Wars are currently caused by one group of capitalists, or would-be capitalists, attempting to seize capital from other capitalists. There will be no need for war once all capitalists and would-be capitalists are history, though this could take decades to accomplish even after the working class finally seizes state power throughout the world.

Indeed, the remaining capitalists in a given country will surely increase their efforts to crush the early revolutions—just as they did in the Soviet Union and China in this century. The working class will need to organize massive military resistance. But eventually workers will triumph all over the world. Then the would-be capitalists will be the only remaining enemies, until their ideas are successfully swept away through continual political struggle by the whole working class.

Communism is almost a century and a half old. Why is it taking so long for communism to be established throughout the world? Learning to build a new social system is not like learning to build a house, particularly when there is not an abundance of teachers who already know how to do it. It is more like a scientific experiment to support a new theory. No experiment ever works the first time. Attempts are made; errors in thinking and practice are uncovered. The experiment can only then be corrected in accord with the laws of nature.

Long before people started flying planes or sending rockets to the moon, many a plane and many a rocket crashed. But now planes fly and rockets go to the moon. Communism will replace capitalism, sooner or later—and PLP has no doubt that it will be sooner than most people think.

Communism will be the first social system established by the vast majority of humanity. Learning to work cooperatively, after so many centuries of division by the capitalists, is not an easy task. But the study of Marxist Political Economy, along with the experiences of the Soviet and Chinese working class revolutions,

gives us absolute confidence that we can identify past errors and avoid them in the future, just as we can emulate the many things which our great predecessors did correctly.

The Soviet and Chinese revolutions have already shown that none of this is fairyland. It is communist revolution. Winning the masses to fight for and develop communism will be a gigantic political struggle. From past experience, we can anticipate that each failure of the new system will be advertised by some as a reason to retreat. A modified socialism will be promoted as a realistic alternative; forces of sabotage and counter-revolution will emerge. As we have noted in our pamphlet, *Road to Revolution 4,* ideological struggle will be primary. But the fact that communist revolution will require struggle does not mean that a communist society is pie in the sky.

The main political struggle is for the abolition of the wage system

Given the inevitability of the political struggle that will follow a seizure of state power by the working class, it's logical that we prepare ourselves for it now—today. But the moment we start, we seem to run into a contradiction that stops us in our tracks. We want to smash the wage system, yet we want higher wages now. The capitalists themselves have a laundry list of schemes that cut wages—part-timing, privatizing, contracting out, prison labor, welfare labor, and so on. Workers are desperate for decent wages. Raising the idea of abolishing the wage system, particularly in the middle of a strike for higher wages, seems to many to be irrelevant, if not counterproductive. So, out of fear of isolation, we end up saying nothing revolutionary about wages.

In order to overcome this timidity, we need to be clear on the difference between lowering wages and abolishing the wage system. When the capitalists cut wages they are not abolishing the wage system. They are using it! They are simply cutting the cost of their most problematic "raw material"—our labor power.

Workers don't work for wages because we want to. *We work for wages because we have been stripped of all other means of subsistence.* And as long as we work for wages, we must resist wage cuts. But we should never forget that it is the wage system that makes us relatively powerless, despite our overwhelming numbers. It is the wage system that continually forces us to fight, time and time again, for the same small gains. Therefore, even as we resist such cuts, we must also organize to destroy the system that steals our power in the first place—the wage system.

Perhaps the main question confronting every worker, the question that most holds back our progress of building a communist party among the world's working class, is this:

If we destroy the wage system and capitalism, will we, the working class, be able to organize a society that produces solely for need?

Now we are back grappling with the central issue raised in the Great Proletarian Cultural Revolution. And Progressive Labor Party's answer is clear. History has given us a resounding, "YES!" to this question. We can indeed smash capitalism! We can indeed smash wage slavery! And we can indeed build in their place a communist world for ourselves, for our children, and for all the children to come. ***Fight for Communism!***